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## Peking Reportedly Broadens Basis for Talks With Taiwan

By Michael Parks

*Washington Post Service*

HONG KONG — The Chinese Communists have significantly broadened their proposal for talks with their longtime Nationalist rivals on Taiwan and are now offering to negotiate a "power-sharing arrangement" as part of a plan for the country's reunification, pro-Communist sources said here Monday.

Recent Hong Kong and overseas Chinese visitors to Peking have been asked by top Chinese leaders, including Deng Xiaoping, the Communist Party's powerful vice chairman, to convey to the Nationalists a new offer of "talks on the basis of equality," the usually well-informed sources reported.

Implicit in the latest proposal, the visitors were assured, would be a real role for the Nationalists in the central government once Taiwan was reunited with the mainland. This might include, one source said, quoting an example given by Mr. Deng, the appointment of the Nationalists' skilled economic planners to key posts to oversee the country's industrial modernization.

## A Major Step

Peking's offer is a major step, according to the pro-Communist sources, toward meeting the Nationalist demand that any negotiations be conducted on the basis of full equality and over the future of the whole country, not just that of the Nationalist-held island of Taiwan.

The proposal, outlined in part by the leading Communist newspaper in Hong Kong and in an authoritative, independent magazine,

is also obviously intended to increase pressure on the Nationalists to agree to negotiations with the Communists on Taiwan's reunification with the Chinese mainland.

Although Taiwan's formal position remains firmly "no" next to any political contacts with Peking, Nationalist officials on the island have recently discussed their likely conditions for such negotiations.

## Bluff Being Called?

Among them would probably be equality of the two parties, a national role for Taiwan's Kuomintang after reunification and the dropping of Peking's present precondition that the Nationalists first abandon their flag, anthem and name — Republic of China — and accept provincial status.

The Nationalists intended their conditions to be an effective barrier to negotiations so they would never have to talk," a leading pro-Communist in Hong Kong said. "Their bluff is being called now... but this is a serious offer, not a tactical play."

Still, the initial Taiwan reaction was to dismiss the proposal as insincere, according to other sources who relayed the message. The Nationalists replied that, formally, they reject all negotiations, whatever the conditions, and regard the talks as a Communist attempt to defeat them politically since this cannot be done militarily.

Peking hopes as it makes increasingly forthcoming proposals to undermine Taiwan's position, both at home and abroad, to gradually build a momentum for talks that the Nationalist leaders will

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U.S. Secretary of State Alexander M. Haig Jr. at a news conference before leaving Bonn.

## Haig Affirms U.S. Commitment To Consultations With Its Allies

By John Vinocur  
*New York Times Service*

BONN — U.S. Secretary of State Alexander M. Haig Jr. made a new attempt Monday to convince the public in European NATO countries that the Reagan administration is committed to arms reduction and consultation with its allies.

At a news conference in Bonn at the end of a four-day European trip, Mr. Haig promised "complete and total" discussions concerning any eventual deployment of neutron weapons in alliance countries and said that, under "ideal condi-

tions," U.S.-Soviet talks on mid-range nuclear missiles beginning this fall could allow the North Atlantic Treaty Organization to scrap its deployment plans for Pershing-2 and Cruise missiles.

The tone of his remarks appeared to his remarks to be directed at segments of the European public that regard the Reagan administration as pushing Western Europe, and West Germany in particular, toward confrontation with the Soviet Union. The administration's decision to produce neutron weapons and NATO's 1979 decision to deploy the middle-range weapons have been particular targets for the groups making up what is widely referred to as the peace movement.

Mr. Haig went as far as saying that the peace movement — its backers sponsored a demonstration against Mr. Haig in West Berlin on Sunday — involved in part, "an objective assessment by honest people."

[But, as one expert said, "We don't know if they [the chemicals] have been produced in the Soviet Union."]

The scientists said they would be a violation of a 56-year-old international agreement. The scientists said the chemical agents used are common to cold climates and expressed doubt that any of the three countries has the capability of producing the weapons in the quantities employed over the last five years.

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# French Influence Still Pervasive in Ex-Colony of Djibouti

*Africans Accept Continued Presence as Guarantee of Status Quo in Strategic Area*

By Bernd Debusmann

**DJIBOUTI** — Under the peeling Moonsh colonies of the Café des Paris, ceiling fans whirling in a vain battle against the brutal heat, French soldiers and legionnaires relax over cold drinks imported from France.

Opposite the crowded cafés across the palm-lined 7th of June Square, the burly French owner of Djibouti's best-appointed bookstore chats with a customer, a Frenchman of course. Around the corner, a smart boutique offers silk dresses from Paris.

At a roadside at the edge of the city, a member of the building national gendarmerie checks vehicles coming in from the arid desert.

The five-member, hard-line Steadfastness Front, consisting of Syria, Libya, South Yemen, Algeria and the Palestine Liberation Organization, will reconvene a summit Tuesday in Libya, official Syrian sources reported.

Moreover, the November Arab summit scheduled for Rabat will be called upon "to take a bold, objective and comprehensive stand that would put an end to the American-Zionist aggression and thwart the joint schemes, new and old," said the Iraqi government newspaper Al Thawra.

The PLO had yet to issue an official statement on the agreement, but PLO sources said Prime Minister Menachem Begin's offer for Israel to provide protective air cover in the Mediterranean for U.S. carriers.

The PLO-Syrian Alliance Conceals Underlying Disagreement

(Continued from Page 1)

office. The suspects, according to the PLO, were found to have links to Abu Nidal.

In June, Abu Nidal was held responsible for the assassination of Naim Khader, the head of the PLO in Brussels. When Abu Daoud, the PLO guerrilla chieftain held responsible for the planning of the 1972 massacre of Israeli athletes in the Munich Olympics, was shot five times in a hotel in Warsaw Aug. 1, PLO investigators suspected Abu Nidal rather than the Israelis that have so long been hunting him.

Mr. Arafat's greatest embarrassment, however, has come from actions alleged to be sponsored by Abu Nidal in Vienna. The choice of Austria, the PLO sources say, could not have been more calculated. For Premier Bruno Kreisky, who in 1979 became the first Euro-

pean leader to give the PLO official recognition, has been a key figure in encouraging Mr. Arafat to seek a negotiated peace with Israel.

Abu Nidal's group has been blamed with the murder this summer of the head of the Austrian-Israeli friendship society in Vienna, an effort to infiltrate two well-armed guerrillas into the city on the eve of a state visit by Egyptian President Sadat (which was canceled for security reasons), and the gun and grenade attack Aug. 39 by two Arabs on a Vienna synagogue that left two dead and 20 injured.

The synagogue attackers, who made a point of identifying themselves as members of the PLO despite Mr. Arafat's disavowal of the raid, have since been identified by Austrian police investigators as members of al-Asifa, the military arm of Abu Nidal's movement. Last week, Agence France-Presse reported from Paris that al-Asifa

had claimed responsibility for the Vienna attack.

It is Mr. Arafat's well-known displeasure with Mr. Arafat's recent independent diplomacy that has led many knowledgeable Arab sources — and at least one Beirut newspaper — to point the finger of responsibility at Syria for the assassination, after an apparently foiled kidnapping attempt of Ambassador Delamare Sept. 4.

The investigation into the killing, which took place within sight of the ambassador's Beirut residence and Syrian Army roadblocks — one of which the assassins drove through unhindered after the shooting — is still under way. But given the political delicacies of Lebanon, its conclusions may never be published.

Mr. Delamare's death is considered to have been a gross mistake resulting from panic rather than conspiracy.

What was new, however, were suggestions by Chinese leaders, including Mr. Deng, that future cooperation could include a major governmental role for the Nationalists. The suggestion of party-to-party talks was also new, and it

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## Mexico's Self-Esteem Shaken by Oil Slump, Criticism on Salvador

By Alan Riding

New York Times Service

MEXICO CITY — After three years of rapid economic growth and rising international prestige, Mexico's self-assurance has suddenly been shaken by the drop in oil prices and sharp regional criticism of its policy toward the Central American country.

President José López Portillo, who had 15 months left in office, is pledged to defend his administration's record and to defend his administration's record.

NEWS ANALYSIS

Having management of the economy and its recent decision to recognize El Salvador's guerrilla-led opposition as a "representative political force."

Yet events abroad appear to have combined with the domestic uncertainty that traditionally precedes the selection of the country's next president to create a new mood of introspection and even self-doubt.

"Nothing very dramatic has happened," a foreign diplomat remarked. "But Mexicans tend to swing from ecstasy to pessimism. Things were going so well for them that the first setbacks seem to have shaken their confidence."

Image Abroad

Having experienced a severe economic crisis in 1976, Mexicans were in fact surprised to find that, within two years, immense oil discoveries had transformed the country's image abroad. Suddenly, the government was not only courted by major industrial powers, including the United States, but it was also able to raise its voice — and to be heard — on international issues.

General Assembly Recalls Sanctions Against S. Africa

United Press International

UNITED NATIONS, N.Y. — The UN General Assembly condemned South Africa on Monday for refusing independence to South-West Africa (Namibia) and urged stringent sanctions against Pretoria. The vote was 117-0, with 5 abstentions, including the United States, Britain and France.

After hearing 131 speakers in a 10-hour emergency debate since Sept. 3, the assembly was ready to vote Friday night but postponed it when Algeria, speaking on behalf of African delegations, introduced amendments to make the resolution of condemnation conform with the UN Charter.

The resolution urged the UN Security Council to impose comprehensive sanctions against South Africa and called upon all states to take punitive measures individually. It condemned South Africa "for its continued illegal occupation of Namibia" and for its armed attacks from there against neighboring states, such as the recent incursion into Angola that sparked the debate.

The resolution also appealed for increased material, financial and military assistance for the guerrillas of the South-West Africa People's Organization, and demanded that the UN independence plan for Namibia be put into operation by December.

## Old Allegations of CIA Link Spark Outcry in Peru Over U.S. Ambassador Nominee

By Cynthia Gorney

Washington Post Service

IMA — The Reagan administration has caused a minor outcry in the Peruvian press by nominating an ambassador to Lima a diplomat who by some accounts cut an earlier tour of duty in Peru because of allegations linking him to the Central Intelligence Agency.

Frank Ortiz, the proposed ambassador, is a 30-year veteran of the Foreign Service who was chief legal officer at the U.S. Embassy in Lima from 1967 to 1970. In October 1968, the Peruvian military overthrew the government that was portrayed at the time as a social and economic solution, including the machined expropriation of a major U.S.-owned oil company.

A year later, according to two senior government officials who are consultants of Gen. Juan Alvarado, then the president, certain rumors and observations involving the oil company expropriation and other politically sensitive issues led Gen. Velasco to leave the CIA. As a result, these officials say, Gen. Velasco called the U.S. Embassy to ask that Mr. Ortiz be removed from his position.

According to these officials and sources of the story that circulate in the U.S. officials asked Mr. Ortiz's departure because he had been ill long enough to allow him to be quietly with no international.

Three months later, Mr. Ortiz became deputy chief of mission in Bogota. The CIA allegations never proved, and both Peruvian Foreign Ministry officials and U.S. diplomats now say there is nothing irregular about Mr. Ortiz's departure.

Haughty, insensitive

Mr. Ortiz also had trouble during the Carter administration, it was reported that he had been transferred from ambassadorial posts in Barbados and Guatemala, in part because of disagreements with administration policy. But critics of the Ortiz nomination — some of whom disagree with the official version of his final days in Peru — say it is both



Helen Dolan Wilson, 74, clings to the hand of her daughter in Chicago on Saturday while seeking to refute charges that she received substantial cash gifts from Cardinal John P. Cody.

## Friend of Chicago Cardinal Denies Gifts Made Her Rich

The Associated Press

CHICAGO — Helen Dolan Wilson said over the weekend that published reports that Cardinal John P. Cody made her wealthy at the expense of the Roman Catholic Church are "scandalizing" and make her look like a "kept woman."

"They make me seem like a tramp," Mrs. Wilson, 74, a lifelong friend of the cardinal, told the Chicago Tribune in a copyrighted story published Sunday. "They're accusing the cardinal of being a thief and they're scandalizing me."

The Chicago Sun-Times, in a series of articles that began Thursday, said a U.S. grand jury is investigating whether Cardinal Cody diverted up to \$1 million from two unnamed church accounts to buy Mrs. Wilson a home in Florida, a luxury car, designer clothes and furs.

The Sun-Times said that Mrs. Wilson is beneficiary of a \$100,000 insurance policy on Cardinal Cody's life, that she received a secret salary from the Chicago archdiocese but was never seen working there, that she has traveled widely with Cardinal Cody and lists her summer address at his mansion in Chicago.

U.S. law prohibits tax-exempt church funds from being spent to improperly enrich any individual.

Cardinal Cody, 73, archbishop of the largest Catholic archdiocese in the United States, said Saturday that he was falsely accused and would respond once all the charges are published.

On Sunday, Cardinal Cody said at the Divine Providence Church in suburban Westchester that the stories about him are "slanderous reports and nasty innuendos" and "unfounded attempts to destroy the unity of the Roman Catholic Church."

"I never thought that this type of persecution would continue in this enlightened day," said Cardinal Cody, who was given two standing ovations.

In an interview in the Chicago office of her attorney, Mrs. Wilson acknowledged that the cardinal gave her gifts and financial help but insisted theirs was a "brother-sister" relationship that began during their childhood in St. Louis.

She broke into tears and replied, "Oh my God, no," when asked if the relationship with Cardinal Cody was anything different. Mrs. Wilson said Sun-Times reports that Cardinal Cody frequently visited her residence in Florida are false.

She was paid by the archdiocese from 1969 to 1974 while she worked in Cardinal Cody's Chicago mansion, cooking, redecorating, ordering repairs, housekeeping, and running errands, she said.

## Protesters Delay Blockade Of California Nuclear Plant

By Mark Landsbaum and Bob Sector

Los Angeles Times Service

AVILA BEACH, Calif. — Anti-nuclear demonstrators have said they would not start their long-awaited blockade of the Diablo Canyon Nuclear Power Plant until Tuesday at the earliest.

The effect of these controversies on the mood of the country has been magnified by the fact that, with the name of the next president expected to be revealed within the next two months, political nervousness is at the peak of its six-year cycle.

Following tradition, Mr. Lopez Portillo will choose the candidate of the Institutional Revolutionary Party for next July's presidential elections from among senior government and political leaders. The party's nominee has won every election in the past 62 years.

The decision to wait at least one more day could add to feelings of restlessness in the protesters' tent city north of the plant and among the growing number of law enforcement personnel, who have been in a state of readiness since Wednesday when protesters began gathering.

Another in a series of meetings of protest representatives was scheduled for Monday. "If we reach consensus on the fact we are in readiness, we will go to Tuesday at no specific time," said Jay Newbern, a representative of the Abalone Alliance, the group organizing the blockade.

Protesters were still trickling into a campsite 15 miles (24 kilometers) from the front gate of the nuclear facility, but their ranks were still well below the 5,000 to 30,000 that had been expected. The Abalone Alliance refused to divulge how many protesters were present, but it appeared that no more than 1,500 persons had checked into the camp.

The important thing is that they never found a single element of proof," said Julio Balbina, undersecretary for political affairs at the Foreign Ministry, which has officially conveyed the Peruvian government's acceptance of Mr. Ortiz. "On the contrary, he's been accused simply by rumors.... At that time there was a xenophobia against everything American."

But Gen. Graham said, "Let's suppose there was nothing, and there was just a scandal. This is a guy who isn't going to help relations between our countries.... A country as big as the United States can't find anybody but a questioned man when there must be dozens or hundreds of qualified people as good or better? It seems like a kind of vendetta on the part of the United States."

While Mr. Ortiz was ambassador to Guatemala in 1979 and 1980, he came into conflict with the Carter administration over its human rights policy. Critics said he resisted applying the kind of pressure called for under the Carter policy, until he was finally transferred out of Guatemala.

Mr. Ortiz is close to Reagan foreign policy advisers. As one Foreign Service officer said, "He took it in the ear for what is essentially current U.S. policy, and they owe him."

They said Gen. Velasco became concerned about Mr. Ortiz during negotiations over the U.S.-owned International Petroleum Co., which became a kind of nationalistic revolutionary symbol when Gen. Velasco expropriated it shortly after taking power.

Then in October 1969, according to the two former officials and a published political chronology of Gen. Velasco's government, Peruvian officials raided the offices in Peru — say it is both

## Japan Split on Future of Soviet-Held Islands

By Tracy Dahlby

Washington Post Service

KUSHIRO, Japan — Amid threats of attack shouted from soundtracks belonging to Japan's rightist extremists, Satoshi Tomizawa decided last week to bathe down the doors to the new two-story, concrete and steel building he operates in Kushiro.

Mr. Tomizawa is the manager of the Eastern Hokkaido Japan-Soviet Friendship and Trade Pavilion, one of five such structures that have sprouted on the Hokkaido landscape in recent years to cater to Soviet officials and business representatives who ply a booming trade with Japan's second largest island.

The state of siege was touched off by Premier Zenko Suzuki's trip to Kushiro last week to campaign for the return of four islands seized by the Soviet Union at the end of World War II, and reflects the deep split in local sentiments on an issue that has raised strong emotions throughout Japan.

### Rightists Active

The noisy members of Japan's rightist organizations roared through the streets of Kushiro, Japan's largest fishing port, en route to Nemuro, just more than 160 miles (260 kilometers) away, where Mr. Suzuki's Self-Defense Force helicopter touched down last Thursday after his inspection tour of the Soviet-held islands.

Dressed in olive drab fatigues and with soundtracks blasting out over martial hymns, the rightists gathered to protest the government's stand on the reversion issue. They assert that the government has been too "soft" on the Soviet Union, although Tokyo has recently taken a tough new public posture.

Tight security kept the rightists far from Mr. Suzuki's official party. But they did succeed in registering a loud protest to local business groups, who they charge are selling out Japan's national interests in favor of close and profitable ties with the Soviet Union.

### Pro-Soviet Attitudes

The Suzuki visit capped a national drive that has drummed up overwhelming public support for the return of the Kuril Islands in recent months. In bringing pledges of economic aid for local areas here, however, the Suzuki government appeared to acknowledge the serious breach in public opinion in Hokkaido between groups favoring friendly ties with the Soviet Union and those insisting that Japan should get the islands back no matter what the costs.

Pro-Soviet attitudes are strong among businessmen in Hokkaido who stand to lose lucrative timber contracts and fishing concessions from the Soviet Union should they too openly endorse Tokyo's policies. Those sentiments are mirrored in the support for organizations such as Mr. Tomizawa's.

Mr. Tomizawa ushered recent visitors into a spacious reception room festooned with Japanese and Soviet flags. Here, amid the portraits of Lenin and Soviet leader Leonid I. Brezhnev, Mr. Tomizawa's organization entertains several hundred visiting Soviet dignitaries each year and hands out pro-Soviet literature to local Japanese.

Kushiro's Soviet friendship pavilion, like the ones that dot Hokkaido's other major port cities, was built at Soviet prompting. One hundred local businesses put up \$150,000 to construct the building and contribute to its upkeep in hopes of Soviet favors.

### Fisheries Activities

Fishing dominates the economy of this city of 206,000 and the industry slumped badly in 1976 when Moscow proclaimed a 200-mile (320-kilometer) economic zone, cutting "Kushiro's" fishermen out of traditional fishing grounds in Soviet waters.

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The San Luis Obispo County Sheriff's Department, which is coordinating the security effort, was no longer releasing estimates of the number of local and state law enforcement officers deployed in the area to prevent demonstrators from barring access to the plant.

Although officers said they have had little to do since being called in to the area, Sheriff George Whitmore announced that he had put his deputies on 12-hour shifts and had called in additional outside officers.

The widely publicized event has been billed by its organizers as an attempt to use a human blockade to prevent the Pacific Gas & Electric Co. from conducting low-power tests at one of its two reactors at Diablo Canyon.

PG&E maintains that the reactor will be fired up as soon as the federal Nuclear Regulatory Agency gives the go-ahead for testing, probably Sept. 21, and that the plant is so self-sufficient that it can operate under a virtual state of siege.

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## Merchants at the Summit

You would have thought that when Ronald Reagan and Menachem Begin finally held their long-planned summit they would get serious. Do they really have a common sense of the realities in the Middle East? Does holding Egypt and drawing other Arab nations into an anti-Soviet coalition require an early answer to the Palestinian question? How could U.S. and Israeli military power protect the area against further Soviet advance and shield conservative Arab regimes against domestic threats? What are the possibilities, and limits, of the special ties of the United States to Saudi Arabia? How can Lebanon be pasted together again?

And when they tired of these knotty issues, you would have thought the two leaders would at least briefly reflect on their disputes in recent months. How, without bombing Baghdad, would Reagan have dealt with Iraq's suspicious nuclear program? How, without bombing Beirut and Palestinian concentrations in Lebanon, would Reagan secure Israel's northern frontier? What conditions, in fact if not in contract, does the United States put upon the weapons it sells Israel? How firmly will the United States oppose the progressing Israeli annexation of the West Bank?

It was certain, to be sure, that the summit would be wrapped in public declarations of mutual esteem and dependency. But in private as in public, this meeting seems to have amounted to nothing more.

All the proclamations of "alliance" and "strategic consensus" represent no significant policy turn. Some easy plans for further collaborations were shamelessly inflated. Mr. Begin will go home claiming that for all of Washington's recent condemnations, his U.S.

flank is secure. Mr. Reagan will cite that harmony to support his arguments in Congress that selling advanced military equipment to Saudi Arabia does not stab Israel in the back. The tough issues were all evaded. Two merchants have got what they could from each other; there were no statesmen in the room.

Statesmen, and real friends, would have sorted out the dangerous policy confusions between them. For the Israelis profess to trust Mr. Reagan's deepest instincts more than any other U.S. leader's. And Mr. Begin is finally recognized in Washington as a formidable politician, whose policies are now growing deep, deep roots.

But Mr. Reagan is also picking up largely where Jimmy Carter left off. He woos Saudi Arabia even to the point of breaking promises to Israel on the scheduled arms sales, and maneuvers in backdoor negotiations with the PLO, at least implying support for partition of the West Bank. Mr. Begin, meanwhile, is fast closing the door on any Palestinian homeland. He vows to hold every inch of the West Bank and predicts that the House of Saud will soon go the way of the shah of Iran.

The assumptions that give rise to these positions are not easily reconcilable. The overriding question before Israel and the United States at this juncture is not whether they are best described as "allies" or "collaborators." It is whether their separate diplomatics can long sustain real partnership. If their leaders refuse to face that question in moments of calm, the contradictions will only keep bursting upon them in crisis.

THE NEW YORK TIMES.

## Spooks Who Don't Fade Away

Old soldiers may fade away. But what happens to old spooks who don't? To be precise: What happens to folks who have spent a career practicing the black arts of covert action, working in an atmosphere of conspiracy, sometime-illegality and dedication to their cause and never doubting that they had the tacit consent and perhaps even the gratitude of the higher-ups for the shortcuts that were essential to their job? What work are they fit for, professionally and mentally, when they come in from the cold?

Four years ago reporter Bob Woodward disclosed information suggesting that at least a small handful of former covert operatives, including a man named Edwin P. Wilson and some anti-Castro Cuban exiles, had made a questionable detour. The government was asking, he reported, whether they had gone into the terrorism business for the Libyan dictator, Moamer Qaddafi. The story enjoyed a brief run and was enveloped in a cloud of internal government concern.

The same story, elaborated, is enjoying a new life. Mr. Wilson, formally accused of supplying explosives, weapons and training to Libyan terrorists and of plotting an assassination on behalf of Col. Qaddafi, is said to be a fugitive in Tripoli. Fresh attention is being thrown on the ways in which he apparently used his CIA connections and his CIA aura to market his services after formal retirement and to recruit others — some still in the agency — to help him provide them. The frustrations of investigators in obtaining reliable information and witnesses to penetrate this world of practiced deceptions and international shadows are on plain view.

Aside from media chance, the evident reason the Wilson affair is again at center stage is that in the interim a new administration came to power pledging to combat international terrorism, especially Col. Qaddafi's. It is sobering news that, through the likes of Mr. Wilson and some erstwhile confederates

and some old Cubans, the United States itself had a hand in creating the very menace that it is now combating.

It is in the nature of covert action, or in the nature of the public's view of it, that there are people who suspect that some outer sanctum of the CIA put Mr. Wilson up to his Libyan tricks and some inner sanctum is still "running" him. You will also find people who see in the latest revelations a KGB disinformation operation intended to discredit the CIA just as it starts girding for a new cold war.

Actually, the facts, as best we understand them, are quite prosaic. Within days of learning of Mr. Wilson's doings in 1977, CIA director Stansfield Turner fired a number of CIA employees whose contacts with the already-retired Mr. Wilson he deemed questionable. Informed congressional overseers have found no reason to doubt that, then or since, intelligence officials perceive the danger: retired rogues can do the agency's standing and work.

No matter how many old CIA hands, retirees and ex-contract employees alike make a good adjustment when they leave covert action, incidents like the Wilson affair and the assassination of Orlando Letelier, not to speak of Howard Hunt and Watergate, demonstrate that some do not. It is an ugly problem.

The publicity in these cases may have a certain value in raising the level of agency as well as congressional and public consciousness of the problem. Perhaps the CIA or its alumni associations should consider accepting some responsibility, if not to keep an eye on the old boys, then to aid the re-entry of those whose only salable talents are black. The moment when a new wave of covert action may be in the offing is precisely the right time to ponder the rogues left over from the last round.

THE WASHINGTON POST.

## Exports Are Also Imports

Yet another leaked draft from inside the administration shows the Commerce and State departments to be at work on a proposal to eliminate the requirement that foreign governments be notified before U.S. companies export hazardous products. Should the plan be forwarded to the president and adopted, it would undo a sensible compromise policy agreed to only a year ago.

There are many who believe that the United States should forbid the export of substances — pesticides, drugs, consumer products, chemicals for instance — banned or tightly restricted in the United States. This ignores the reality that the risks and benefits involved in a regulatory decision vary greatly among countries. The classic case is De-*po-Provera*, a cheap, long-lasting, effective contraceptive banned here because of possible long-term health risks. In many developing countries where skyrocketing population growth has created great hardship, the balancing of risks and benefits yields a different judgment.

A sensible policy not only must accommo-

date these differences; it also must encompass a number of economic, political and environmental interests that point in conflicting directions. The policy must not interfere too greatly with trade by U.S. companies.

The compromise eventually agreed to by Jimmy Carter and Congress allows exports of dangerous substances, only after the importing country is notified of the risks involved. It is not a perfect solution, but it is the best balancing of these various interests yet put forward. Businesses have complained because of delays and paper work, but these are modest in comparison with the benefits. The draft plan's argument that current controls should be dropped because a "unified, international approach" would be better is a fancy way of saying, let's do nothing. An effective international notification system does not now exist. Until it does — and the United States should continue to support its creation — the U.S. unilateral controls should be kept in place.

THE WASHINGTON POST.

## In the International Edition

### Seventy-Five Years Ago

September 15, 1906

HAVANA — U.S. sailors who landed in Havana at President Palma's request on Thursday afternoon, were ordered back to the cruiser Denver yesterday morning. The city was then quiet, but the Cuban government has shown many signs of being demoralized. The insurgents have made a proposition to lay down their arms if the United States guarantees them a fair trial. Cienfuegos is reported as in a state of siege, and it is understood that the Marietta has landed men there. Sugar plantations owned by Americans have been destroyed by the insurgents. The tenor of a dispatch from President Roosevelt's home makes intervention seem improbable.

### Fifty Years Ago

September 15, 1931

VIENNA — Prince Sturzenberg, former minister of the interior, veteran of the Austro-Hungarian army and chief figure in the Heimwehr organization, was taken into custody yesterday. Members of the prince's staff also were arrested, as were hundreds of other persons implicated in yesterday's short-lived attempt on the part of the Heimwehr to dethrone Vienna's Socialist government and establish a Fascist dictatorship. Walter Pfeiffer, head of the Styrian Heimwehr organization, who led the putsch and declared himself dictator, was nowhere to be found today. He was believed either to have fled to Italy or to be hiding in a mountain hut.



## The Lenin Touch on Poland's Situation

By Vladimir Solovyov

NEW YORK — Not long before the Bolshevik seizure of power in October, 1917, Lenin wrote that a revolutionary situation exists when the masses will not, and the government cannot, live as they did before. Without pausing to judge the universal validity of that classical Leninist statement, I would argue that his maxim, which I was made to memorize at the Soviet institute that I attended, fully explains the present Polish situation.

Before the Polish Communist Party's summer congress, debates between moderates and conservatives in the party assumed a particularly scholastic, sectarian and absurd character, barely touching upon the realities of the political crisis. Only 3 percent of those surveyed recognize the party's legitimacy, according to an unofficial poll of Polish public opinion conducted by the French journal *Paris Match*. That figure is even lower than the percentage of the population that the party claims as its membership.

### Surprising

It is surprising, therefore, that the congress, largely ceremonial in nature, was seen as such a momentous event in Poland as well as in the Eastern Bloc and the West. Time is now working against the party bureaucrats who daily are abandoning one position after another in the face of a spontaneous national movement of discontent.

The movement is transforming the party from a governing body to that of an opposition force, while at the same time radicalizing the independent labor union Solidarity so that its leadership is not co-opted by the existing system. Solidarity itself is experiencing a metamorphosis. Beginning as a movement of opposition, the union already has become, under pressure from the populace, the *de facto* rulers of Poland.

Lenin's appraisal of what constitutes a revolutionary situation is apt in this context: The Polish government no longer can govern as before because the Polish masses no longer will accept such rule. But is Solidarity ready to assume state power? The union has shown brilliantly that it can act as an astute opposition, but can it come to grips with the nation's economic crisis?

For that matter, is anyone capable of resolving Poland's enormous economic difficulties?

Could David A. Stockman, President Reagan's budget director? Could Milton Friedman? Could God? (An anecdote currently in vogue has Pope John Paul II asking God whether he will live to see the day when Poland's economic crisis will end. In reply, God said, "Not only will you live to see that day, but neither will I.")

Paradoxically, during Poland's long-awaited year of freedom, the economic situation has not improved but has worsened. Its debt to the West has increased to \$27 billion, coal production has declined sharply, exports are plummeted, and the food distribution system is in shambles. Emigrants are streaming out at an alarming rate.

Poland's experiments with democracy have not been smooth or simple in the past. Historically, democracy often gave way to anarchy or logomachy, which in turn led to yet another period of dictatorship. The brief period of Polish independence in this century between the two world wars witnessed the coup d'état of 1926, led by the "Socialist" Josef Pilsudski, who established a military dictatorship, the so-called "Sanja" (National Rebirth).

Today, internal anarchy threatens the Polish revolution no less than foreign intervention. In order to extricate itself from its economic quandary, and at the same time to withstand pressure from Moscow, Poland needs a strong government. Talk of a new "Sanja" as the only means of escaping from the present plight is in the Polish air. However, revolutionary aspirations often, as in the past, lead to dictatorship.

One can say with certainty that any attempt to impose a pro-Soviet dictatorship in Poland would be met by a national uprising.

Conversely, the Poles would accept a dictatorship with a clearly defined patriotic character, if this dictatorship succeeded in ending economic chaos and political anarchy. The naming of Gen. Wojciech Jaruzelski as prime minister, and the subsequent appointment of four other generals to Cabinet posts, coupled with the election of 10 voting and seven nonvoting members to the Polish party's central committee — all from the military — is a step in the direction of effecting a Polish "18th of Brumaire."

### Polish Napoleon

Of course, the mild and nervous Gen. Jaruzelski, who hardly resembles Marshal Pilsudski, would be even less likely to play the part of a Polish Napoleon. Neither does the leader of the Polish proletariat, Lech Wałęsa, fit the role of a dictator. Individually, neither man seems able to fill the part. But what if they pooled their efforts? In any case, the vagueness of the situation have created a power vacuum and a need for a "national savior." As is well known, power vacuums are never left unfilled for long.

The question is whether a union is possible between the Pole Jaruzelski and the Pole Wałęsa, between the Polish generals and the Polish revolutionaries, between the Polish army and Solidarity, between the soldiers and the workers. Do those groups possess sufficient patriotism to unite against the threat of anarchy, disintegration and the end of Polish sovereignty?

Vladimir Solovyov, Russian-born historian and journalist now living in New York, has just completed a book, "Russian Paradoxes." He wrote this article for the Los Angeles Times.

## Portugal: Rough Road Ahead of Premier

By Ken Pottinger

LISBON — When Portugal's 14th post-revolutionary government took office early this month, it marked a new watershed in the turbulent political history of this country since the return of democracy in 1974. Taking office was Social Democratic leader Francisco Pinto Balsemão, succeeding himself, in a one-act drama which, but for its serious implications, had all the makings of a national soap opera.

Such was Mr. Sa Carneiro's charismatic power and control of the party and the government that his death left an unfilled gap and indefinitely marked the young democracy's development. Thus the mantle, which fell on Mr. Pinto Balsemão's shoulders when the bereaved party first asked him to take the premier's job last Christmas, was always certain to be a heavy one. Ambitious adversaries within the party immediately set about working against him and an uncaring guerrilla war against Mr. Balsemão continued all this.

The leadership problems began last year on Dec. 4 when Francisco Sa Carneiro, the pugnacious founder of the Social Democrats and architect of the ruling alliance, died in a plane crash three days before a crucial ballot to elect a new head of state.

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With him perished the three-pronged alliance program of a parliamentary majority, a Democratic Alliance government and a government-backed president, designed by Mr. Sa Carneiro to transform the country. With only two of the three objectives achieved, the party Cassandras were soon out chanting doom.

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## 15 U.S. Nuclear Plants Rated 'Below Average'

By Ben A. Franklin

New York Times Service

WASHINGTON — The Nuclear Regulatory Commission's first national survey, comparing the performance of atomic power plants has 15 as "below average" in such areas as management, control, maintenance, radiation and fire protection and overall compliance with operating regulations.

The appraisals of the performance of the nation's 50 operating nuclear plants are contained in a staff report that is to be presented to the full commission next month.

According to a copy obtained by The New York Times, the document lists nine plants, or 18 percent, as "above average," 26, or 52 percent, as "average," and 15, or 30 percent, as "below average."

However, the report said, no plant was rated lower than "below average" or had such significant problems as to warrant concern about the safety of its operation.

The report stems from the agency's action plan adopted after the accident at the Three Mile Island reactor in March, 1979, and reflects conditions that existed in late 1979 and 1980.

**Question of Competency**

"Below average" plants are in Arkansas, Pennsylvania, Alabama, New York, New Jersey, North Carolina, Ohio, Florida, Michigan, Massachusetts, California and Virginia.

By finding fault with nearly one-third of the plants, the new commission report is likely to renew public questioning of at least some of the nuclear industry's competency.

Last week, the Edison Electric Institute, a utility trade association, endorsed a plan by Pennsylvania Gov. Dick Thornburgh to

hasten the radioactive decontamination at the Three Mile Island plant. The cleanup has been underfunded and slow.

Gov. Thornburgh said his six-year \$760-million cleanup plan could "mean the difference between a continuing TMI crisis" and continued uncertainty about nuclear power in general, "and a new TMI consensus in the weeks ahead."

The language of the commission report appeared to go out of its way to avoid jarring any "new consensus." The report stressed, for example, that "a rating of 'below average' does not mean that a facility is unsafe or that its operation or construction should be stopped."

**High Expectations**

It explained: "The expected performance level for nuclear facilities is high, as it should be. A rating of 'below average' means that a facility was not meeting the full measure of these high expectations."

The plant most heavily cited as "below average," Beaver Valley 1 of the Duquesne Light Co. at Shippingport, Pa., near Pittsburgh, was cited for "weakness" in nine of the 15 functions surveyed in the assessment.

"Many items of noncompliance concerned personal errors, indicating instances of insufficient training, and revealed instances of poor supervision of personnel," the report said.

By contrast, the evaluation of the "above average" plants characterized them as "well run, with responsive, competent, involved and responsive management" and with "a strong commitment to radiation protection" and "good communications with the NRC."

## William Loeb, U.S. Publisher Of Conservative Views, Dies

By Wolfgang Saxon

New York Times Service

NEW YORK — William Loeb, 75, the fervently conservative publisher of the Manchester Union Leader and the New Hampshire Sunday News, died Sunday in a cancer at the Leahy Clinic in Burlington, Mass.

Mr. Loeb was a small-town

### OBITUARIES

newspaper publisher whose success at national political leaders and starkly limited views from the far right of the spectrum earned him quadrennial notoriety because of the presidential primaries in New Hampshire, the candidates' first testing ground.

Mr. Loeb did not live in New Hampshire. He divided his time between his ranch in Reno, Nev., and, increasingly in recent years, a Tudor mansion on a 100-acre estate at Prides Crossing, a village in Beverly, Mass., about 20 miles (32 kilometers) northeast of Boston.

His front-page editorials in the Manchester Union Leader, sometimes printed in boldface and capital letters, took a black-and-white stand on the issue. Gray, Mr. Loeb believed, could only confuse the reader. "Things are either right or they are wrong," he once said.

### Moscow Muskie

Mr. Loeb lumped liberal Democrats together as "left-wing kooks," termed former President John F. Kennedy "the No. 1 kook in the United States," labeled Nelson A. Rockefeller a "wife-swapping" and called former President Dwight D. Eisenhower a "stinking hypocrite."

Mr. Loeb raised a furor in the New Hampshire primary when he referred to then Sen. Edmund S. Muskie of Maine, the front-runner for the Democratic presidential nomination at that time as "Moscow Muskie."

Mr. Loeb's publication of a sputious "Canuck letter," which quoted Mr. Muskie as making disparaging remarks about French Canadians in his home state and a follow-up editorial deriding the senator's wife, Jane, are generally regarded as the arrows that felled Mr. Muskie's presidential hopes.

The purported author of the letter was untraceable, but the letter was later attributed to the "dirty icks" practiced by campaign workers for former President Richard M. Nixon.

A follow-up editorial, not written by Mr. Loeb, caused Mr. Muskie to defend his wife in lowly Manchester. A picture of a senator, irate and in tears, was published nationwide, furthering his presidential chances.

### Fox Ball

Mr. Loeb was a Nixon supporter for many years, but when Mr. Nixon announced in 1971 that he was going to Peking, the publisher had him a "real ball" who had lowered our chances of victory against the Communists by coming up to the Chinese Reds and a blues in the Kremlin." During the Watergate scandal he insisted that Mr. Nixon's resignation or impeachment would be the power of the ballot box to Mr. Loeb deemed as a small quip of "arrogant, self-appointed experts" in the news media.

More to Mr. Loeb's liking were Barry Goldwater of Arizona and Ronald Reagan.

For all his irascibility, Mr. Loeb stated a crusading paper that spewed furiously against official waste and corruption and baldly printed more letters from readers than any newspaper in the entry.

Few people seem to have known him well, but those who met him and him a genial man with a kind heart in good manners. He



William Loeb

could be soft-spoken and warm, particularly when the conversation turned to the many outdoor activities he shared with his third wife, the former Nacyke Scripps Colowitt, an heiress to the Scripps Howard newspaper chain.

Mr. Loeb propagated the concept of profit-sharing. He founded such a plan for his company and, in his will, stipulated that the plan be controlled by its employees after he and his wife had died. The inheritance tax reductions enacted under the Reagan administration, however, could cancel the arrangement by which the newspaper's employees would eventually be come owners.

William Loeb was born on Dec. 26, 1905, in Washington, where his father, also named William, was President Theodore Roosevelt's private secretary. When the Loeb son was christened, Roosevelt was the godfather. He served as a lifelong model for the publisher, who considered himself a "Teddy Roosevelt" conservative.

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## Entertainment

### A Music Hall District of Paris Comes Back to Life

By Meg Bortin

International Herald Tribune

PARIS — In the '20s it roared, a block-long stretch of accordeon palaces where nightife was a gamble and they played for keeps. By the '30s, Parisian high society flocked there for the kick of mingling with the toughs. The war put a damper on things, but in the '50s and '60s the street attracted busloads of tourists, drawn by tales of the *apaches* — elevated to a mythic gangland statue worthy of Al Capone, in the '70s, it was pure kitsch. Now a new energy is revitalizing Rue de Lappe, with the first signs of regeneration juxtaposed with remnants of the past.

"We didn't choose this street by chance," admitted Jean-Luc Fraisse, co-owner of the Chappelle jazz club. "We chose Rue de Lappe because we liked the ambience — it just seemed appropriate for jazz to return to the music hall."

Repelled from the Les Halles area in central Paris by an overdose of commercialization, Fraisse and his partner, Pierre Garcia, moved east of the Bassile in January, setting up their place in the shell of one of 17 former dance establishments that sprang up along the block 50 years ago. But they were not just connecting with the past. Over the last few years, the neighborhood around Rue de Lappe has been turning into the city's loft district, filling up with artists and intellectuals drawn to the area by the cheap workshop space, the ethnic variety, and relative isolation from the steel-and-glass modernization in the center of Paris.

**Collective Art Gallery**

The Ateliers Bassile, a collective art gallery, opened on Rue de Lappe in March. Its initiators, Michel and Elisabeth Faublie, were driven from their former studio near the Pompidou Center when tourists started invading Beaubourg. "It was incompatible with what we were trying to do," Elisabeth Faublie explained. "The charm of our new setting is its genuineness."

Although they lament the arrival of the newcomers, the owners of an anarchist bookstore



Crowded dance floor of Balajo.

down the street agree that "gentrification" is unlikely to become a problem for the street. Unlike the Marais and Les Halles, where hundreds of long-time residents were forced out of their dilapidated housing as it was snapped up by real estate agencies for renovation, Rue de Lappe is protected by a number of factors. The Socialists took the district in the last election, and now careful reconsideration is being given to the way the Paris slums are to be dealt with.

The policy of the mayor of Paris — the right in general, but [Jacques] Chirac in particular — has been to replace a population of workers, old people, factories, craftsmen, people who tradition-

ally voted on the left, by a much more well-to-do population of businessmen, advertising agencies, people who supported the policies of the right," commented Ghislaine Tousaint, a new National Assembly member. "For years we have fought this policy through which Paris is losing its soul to become a city of offices, agencies and high-cost housing. She said the Socialists will aim to provide the old buildings with modern sanitary facilities, while keeping rents low enough for their tenants to remain.

Rue de Lappe still harbors numerous functioning small factories inside the courtyards of its century-old buildings. This, added to the precedent for protest

set during the expulsions from the Marais and Les Halles, has also tended to break the process of high-price renovation. Smoky old cafés hung with sausages and country ham still beckon to passers-by from the days when the Auvergnats moved up from the highlands of central France, bringing their music with them, including an instrument evolved from a primitive bagpipe to a relative of today's accordions, the *marcotte*. The street, with its bars and *bals musette*, lured a rowdy crew whose reputation for being fast with a knife earned them the name *spaches*. Today, from mid-afternoon to the wee hours, the same music filters from the doors of the Balajo dance hall — perhaps the liveliest historic monument in Paris.

### On Memory Lane

"The people who come here now are mostly in search of memories," said the Balajo's owner, Robert Lageat, as the accordeon band compelled couples across the floor beneath what was once an avant-garde decor, a mirrored globe above spangling artificial stars across the ceiling.

"There's one couple, for example, who met here, fell in love and were married here. Well, they're in their 70s now, and they still come dancing every Saturday night."

He will allow no pictures to be taken during the afternoon dancing hours. And as tango follows waltz and paso doble and the once-racy "java," an aura of clandestine romance pervades the red-walled interior. Young couples with a taste for nostalgia drift past delighted old-timers still performing the ancient ritual with abandon.

A few doors down the block, the Latin rhythm of the Chappelle's late night salsa band locks a new generation of dancers into a similar swaying embrace reminiscent of the days when it was chic to dance *cheek-to-cheek*. "The advantage of Rue de Lappe is that music has been here for a hundred years, so there's no problem for a jazz club," said Fraisse. "The people who live here have been living here for years and years. It can never become stylish — it's the anti-Marais!"

## Fashion

### Widening the Fur Trade

By Hebe Dorsey

International Herald Tribune

NEW YORK — He got his first job at \$16 a week during the Depression, hanging fur coats in the basement of Bergdorf Goodman, where he ended up, smooth, silver-haired and an executive vice president. So one might think retirement would be welcome, but his rented workrooms in downtown Manhattan, got his furniture out of his Bergdorf office, nailed a 150-year-old bronze knocker on the door and opened Leonard Hankin Fur Associates.

"I thought I'd get myself a little something to do," he said. "In fact, I've never worked harder in my life."

One of the most knowledgeable fur experts in the United States, Hankin last spring arranged with two designers, Fendi in Italy and Claude Montana in France, to duplicate part of their fur collections in New York. The result is a drop in price of 30 to 40 percent, with basic, broad-and-butter mink coats costing around \$10,000. The Hankin-made Fendi furs will be available only in the Americas, whereas the Montana line will be distributed worldwide.

Although the Hankin-made Fendi furs will sell for considerably less than the Fendi imports at Bergdorf's, it is no problem for the store that once employed him, Hankin insisted.

"We're still on very good terms," he said. In fact, the first Hankin-made Fendi furs will be on sale in New York exclusively at Bergdorf's, from Sept. 30. They will also go to other exclusive stores such as 1 Magnin on the West Coast and Neiman-Marcus in Dallas.

Dawn Mello, Bergdorf's executive vice president and fashion director, agreed that there was no clash of interest. "We're still bringing the whole Fendi line," she said. "Besides, there is no problem because Leonard is concentrating on the more classic, conventional styles. His garments will also be easier to re-order, which has not always been the case with the Italian imports."

What Hankin carries should also give new customers a taste of Fendi fur without involving them in a fashion and financial adventure that only a few women are ready to indulge in.

"The Fendi customer exists," Hankin said. "The other one, we have to educate." Hankin, 64, is still very much a Bergdorf man whose mission in life was to satisfy the needs of people with money.

"With the Goodmans, the question never came up 'How much was it going to be?' but 'What is the best way to do it?'" Hankin said.

He also feels that more and more chic boutiques that have never been into fur are getting interested. "With the price of ready-to-wear, where a leather coat can cost \$3,000, it's a very small step to fur."

The Fendi furs at Bergdorf are often way out but they have found a niche in some of the world's richest women's closets. Despite the prices, which Mello said had almost doubled since last year, Fendi fur sales are up 30 percent compared with August, 1980. Which explains why the store is going all out with a big charity Fendi show on 58th Street today. Both Paola and Carla Fendi are expected to fly over from Europe as is the collector's designer, Karl Lagerfeld.

You can also tell that although Hankin is no longer with Bergdorf, he has remained part of the family. At Bergdorf's, Hankin learned all there is to know about furs — and then some. "After six months in the storage department, Edwin Goodman brought me upstairs and told me to go buy myself a suit — explaining what a suit was, jacket and pants — and even where to go for it. After that, he made me a salesman."

After the war, during which Hankin who had studied Russian on his own, was stationed in Moscow, he returned. "Mr. Goodman had kept paying my salary throughout the entire war, with no obligation, he said. He was a very clever man," he added wistfully.

Hankin soon proceeded to write a 27-page memo to Mr. Goodman, telling him all I thought was wrong with the store. I expected to be fired. Instead, he asked me to lunch, which was absolutely unheard of. Not one word was spoken during lunch, but after lunch, we had coffee and cigars — it was the first cigar I had in my life. — Mr. Goodman said: "Leonard, I thought your memo was very interesting. You and Andrew [his son] can do it all after I die."

## Publishing

### Japanese Strategy Bullish

By Jacqueline Wilson

New York Times Service

NEW YORK — He slew his first foe at the age of 13, and went on to kill 60 more in one-to-one combat. He was a pugil, a writer, a calligrapher, philosopher and a spiritual leader. His name is Miyamoto Musashi, a legendary Japanese samurai warrior who is suddenly a hot issue on Wall Street.

The vehicle is "The Book of Five Rings: A Classical Guide to Strategy," written by Musashi in 1645, published by Overlook Press in 1974 and now catching on as a sort of lifestyle guide in the financial community. More than 75,000 copies are in print and the book goes into its ninth printing next month.

The publishers are amazed. "We originally printed this book for the martial arts audience," said Mark Gompert, an editor of Overlook Press. "Certainly, we didn't expect anything like this."

So are some bookstores. "It's selling better than some of the best sellers," said Beth Dugan, a buyer for a Walden Books in the Wall Street area. The shop is sold out.



# NIGERIA

## INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

PARIS, SEPTEMBER, 1981

## A Special Supplement: 21 Years After Independence

### Business Ties Diversified, British Role Is Diminished

By Gillian Gunn

**A**T INDEPENDENCE, the Nigerian market was British turf. But during the last decade the nation has used its oil riches to diversify business relations. The major industrial powers have vied for lucrative contracts and investments, and Britain has lost much of its appeal in the face of such competition.

The British Austin and Rover that used to clog the streets of Lagos have been replaced by Peugeots, Datsuns and Volkswagens. French trading companies are vigorously expanding and West German contractors are building the nation's highways. Polish experts dredge ports while the Soviet Union helps with the steel industry. U.S. firms pump the oil and the Dutch run the national airline. On the grounds that Third World entrepreneurs will be particularly sensitive to Nigeria's problems, Brazilian companies have been called in to work on the telephone system, and Indians are running the railways.

According to a U.S. businessman, Nigeria

with Nigeria, its largest after Japan. "It will be just as bad in 1981," the Commerce Department source said, "unless we do something spectacular like selling ten 747 aircraft." The United States buys about 50 percent of Nigeria's oil, yet supplies only about 10 percent of its goods and services.

Lagos apparently is equally anxious for U.S. business. "The Nigerians believe we can supply state-of-the-art technology, and they want that very badly," a U.S. diplomat in Lagos said.

**Agriculture**  
The United States is making strides in the agribusiness field. "Nigerians have looked around the world and seen who has the most efficient food growing methods," a Lagos-based agriculture expert said. "The U.S. comes out on top." The Joint Agricultural Consultative Committee, a group of more than 50 Nigerian and U.S. agribusiness firms that was founded in 1980 during the visit to Lagos of Walter Mondale, then the U.S. vice-president, actively encourages joint ventures. In addition, U.S. food exports to Nigeria stood at \$324 million last year and are rising.

In the medium term, some cultural incompatibilities between the two countries may diminish. "Nigerians are finding that for the cost of educating 10 students in the U.K. they can educate 20 in the U.S.," President Shehri said recently. There are 20,000 Nigerian students in the United States, only 5,000 fewer than in Britain.

Contacts have also been strengthened by Nigeria's adoption of a U.S.-style federal constitution.

The gap left by fading British influence and the slow growth of U.S. business is being swiftly filled by Continental Europeans. France, West Germany, the Netherlands and Italy can combine familiarity with African conditions with vigorous trading techniques. The Japanese also are interested in the market.

French business relations with Nigeria are growing particularly fast. "The Nigerians harbor a distrust of the French inherited from the British and exacerbated by French support for the Biafran rebels in the 1967-1970 civil war," a Western diplomat in Lagos said, "but when it comes to making deals, the two nationalities can be surprisingly compatible."

French exports to Nigeria, which consist primarily of consumer and capital goods, increased 80 percent in 1980 to slightly more than \$1 billion. Nigeria has an almost \$1.3-billion trade surplus with France because of large French oil imports.

#### Prominent Companies

The most prominent French companies are SCOA, a trading house, and Peugeot. Both companies' successes are partly attributable to their positive response to Nigerian pressure to manufacture locally.

French contractors are also doing well,



RETURNING TO THE SOIL — President Shehri, emphasizing the importance of agriculture, takes up a shovel for some leisure-time gardening at the State House in Lagos. Agriculture gets a top priority. See story inside.

helped by Paris' willingness to back bids with credit. In May, French banks agreed to loan Nigeria \$533 million toward the \$3.4-billion Ajakoko steel complex. These loans are clearly connected with Nigeria's decision to employ two French construction companies, Fougères Construction and Dumez, in the plant contract.

West Germans are also strong. Julius Berger was virtually unknown in Nigeria 10 years ago, but today, with a turnover of almost \$1.8 million a day, it is the leading foreign construction firm. Strabag is also prominent. The West German banks and government institutions provide generous credit, and firms such as Mercedes-Benz are leaders in the development of the motor industry.

The Netherlands made a place for itself when KLM took over the running of Nigeria

Airways in 1979. In March, the Dutch contractor Royal Harboursworks won 80 percent of a \$263-million contract to build three ship repair yards.

Although Italy's trade with Nigeria is small, the Italian construction firms have carved out a niche for themselves. Montedison is involved in chemical plant construction while Dandini and Burri are supplying technical expertise for the steel industry. Impresi is exploring possibilities for agriculture-related construction.

#### Japanese Competition

The West faces stiff competition from Japan, despite Japanese unfamiliarity with Africa and language problems. Nigerian subsidiaries of Japanese car and motorcycle manufacturers are leaders in the development of the motor industry.

(Continued on Page 8S)

### Slumping Oil Market Poses Challenge to the Economy

By Richard Syng

**E**VERYTHING depends on oil," said a Nigerian merchant banker surveying the state of the economy. "And the key is that we should decide the right price for our oil."

With oil providing more than 80 percent of the federal government's revenue, production cannot be turned off for long without a chain of problems. Nigeria's current production slump, a result of the worldwide recession and oil surpluses this year, and there are signs of a spending squeeze. National projects have had to be delayed, there has been uncertainty about the ambitious 1981-1985 development plan and, at the more basic level, state governments are running short of cash.

Attention has been sharply focused by recent events on the need for a strong and coherent oil policy. The board of the Nigerian National Petroleum Corp. normally handles this, but between 1980 and this August the NNPC had no board and only an acting managing director.

A scandal last year involving temporarily missing funds led to the dissolution of the board. "The scandal shook confidence and caused an incredible delay. The office of the president's energy adviser has been burdened with the responsibility," said a highly placed source in Lagos.

#### New Board

The new NNPC board was finally sworn in by President Alhaji Shehu Shagari on Aug. 6, with Horatio Agedah as chairman and Lawrence Amanu as managing director. Their mission is to review the functioning of the NNPC and to ensure a meticulous accounting system to avoid a repetition of the scandal, which arose from an auditor's difficulty in following earlier accounting procedures.

Yahaya Dikko has been the presidential adviser on energy for the last two years and it appears that he will continue to represent the country at OPEC negotiations, at which he has become recognized as a forceful figure, according to Western diplomats.

#### Feeling the Pinch

By joining the OPEC hard-liners, Nigeria was affected by the Saudi Arabian policy of holding prices down and stepping up production. Nigeria was further affected by non-OPEC competition from Britain and Mexico.

Nigeria at first accused Western oil companies, governments and the media of fabricating a "so-called oil glut," but as the effects began to be felt, commentators switched the emphasis of their criticism toward Saudi Arabia — which has even been called "an enemy in OPEC's ranks" in a government-controlled newspaper.

As a highly dependent country highly dependent on oil, Nigeria has been feeling the pinch of reduced earnings sooner than its African colleagues in OPEC. It has had to face up

to the possibility of a much restricted oil production horizon. While its development plan outline, published as recently as January, 1981, envisaged steady production of 2 million barrels a day until 1985, production had already slumped by July to 825,000 barrels a day as buyers went elsewhere.

After the failure of the emergency OPEC meeting in August in Geneva to bring prices within a narrower spread than the existing \$32-\$40 range, Nigeria on Aug. 26 announced a discount of \$4 on its official price of \$40 a barrel. The government said that the official price would remain at \$40, however, until the OPEC meeting next December in Abu Dhabi, where Nigeria hopes that price unification will be possible.

In a bid to retain customers who have curtailed or suspended their purchases of Nigerian oil, the government has started talks with the major oil companies on pricing and production strategy for the fourth quarter of the year.

Nigeria is still hopeful that the market will revive, but is concerned to remain a "responsible" member of OPEC, observers noted. This would explain why it chose a discount rather than a formal price cut.

Oil companies represented in Lagos believe that the output levels anticipated in Nigeria's development plan are no longer realistic. Some feel that the market for Nigerian crude has dropped significantly, although the product is still valued for its remarkable sulfur-free light properties.

#### New Investment

Six months ago, the foreign companies were drawing up plans with their common partner, the NNPC, for major new investment in the oil fields that would have brought production capacity close to 2.8 million barrels a day, with Shell/NNPC alone due to account for half that amount. Gulf/NNPC's capacity as the second-largest producer was to rise to 500,000 barrels a day by 1984.

By July, however, Shell/NNPC had cut back drastically to little more than Gulf/NNPC's actual level of 235,000 barrels. It was in these changed conditions that the companies talked of the total production outlook for the next decade being no higher than 1.5 million barrels a day, although Nigerian officials cannot accept such a low figure.

The oil field investment plans had, until the glut, been quite substantial, with Shell/NNPC expecting to spend \$300 million in 1981 and Gulf/NNPC a further \$250 million by the end of the year. This spending is now highly unlikely.

The NNPC, as the major source of investment in Nigeria's energy output, is now expected to put its weight behind the export project that is expected to pay Nigeria's way into the 21st century, liquefied natural gas (LNG).

#### Flared Gas

A growing embarrassment to Nigeria as well as to the companies has been the phenomenal amount of gas that is flared at the oil fields. In the Escravos complex, in Bendel State, it is estimated that the burned-off gas in that area alone could supply in one hour what Britain consumes each day.

All the gas at present is flared has come up with the oil, and it has not been necessary to explore for gas. Experts predict that Nigeria is sitting on about 200 trillion cubic feet of gas.

Officials are acutely aware that investment in gas must start now, while oil funds are still available. "Gas exports are the key to the late 1980s and the 1990s," an official said.

Nigeria has lost a year in the preparations for its first major gas export project, known as Bonny LNG, because of uncertainty about the advantages and a wariness about borrowing heavily for a project that will cost about \$1.2 billion to \$1.4 billion before it can start up. Authoritative sources now expect that construction of the Bonny LNG plant can start in 1983. This would lead to first exports in 1987 and full output by 1988.

The technical planning for Bonny LNG has been completed, and a steady market is assured among eight European customers, principally France and West Germany. If the four interested U.S. customers are prevented by government legislation from taking their 50-percent share, the Europeans have pledged to buy the extra.

#### Complex Project

The project's complexity is fully apparent to the U.S. management team supplied by Phillips Petroleum Management Services. Much of the \$5-billion condensing plant will have to be assembled abroad and brought in on skids. On the site, which is remote and not served by road or rail, the labor force during construction

(Continued on Page 12S)



TAKING SHAPE — Construction of the new capital is under way in an area of striking natural beauty.



(Continued on Page 14S)

## NIGERIA

### Diversity Evolves in Dealings

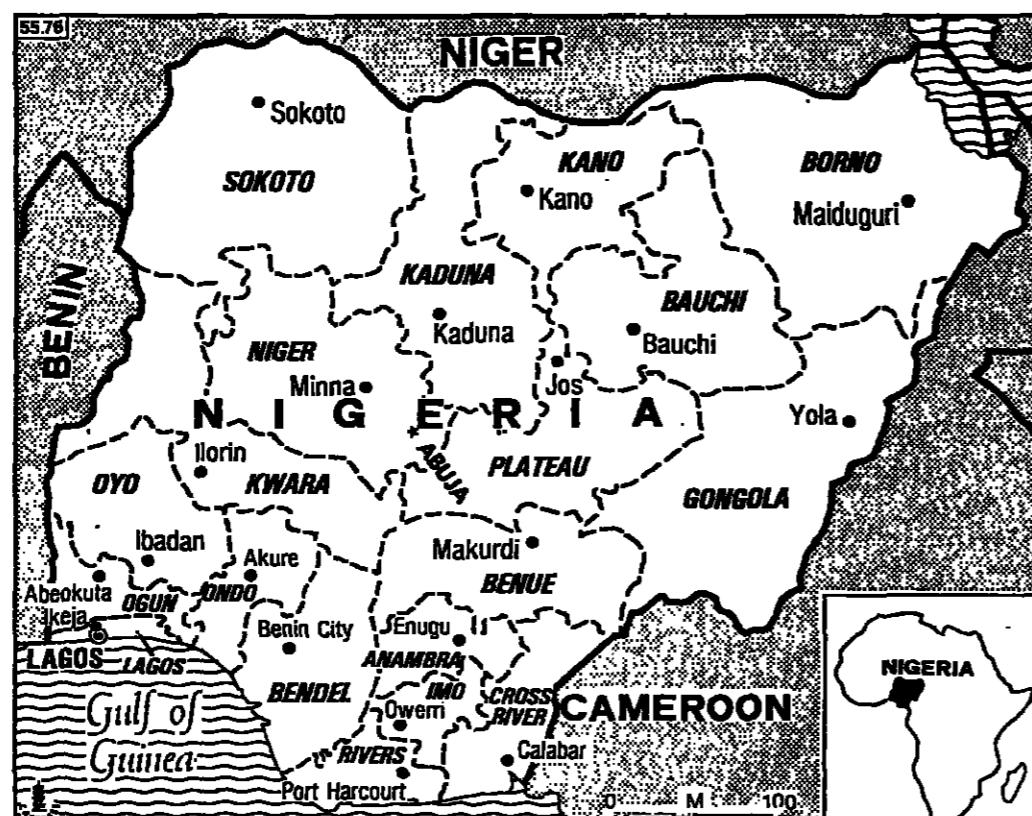
(Continued from Page 7S)  
turers are rapidly expanding, and in 1980 Nigeria was black Africa's largest importer of Japanese vehicles. Honda motorcycles are being assembled in Ogun state. Yamaha is expected to start production later this year and Nissan's sales increased fourfold in 1980.

While the Nigerians prefer to deal with fellow capitalists, the Soviet Union gained an entry in the market during the civil war when it supplied the federal forces with arms that the West withheld.

The Soviet Union has been heavily involved in the Ajakota steel complex and several chemical plants, while Poland is active in maritime work, particularly fishing trawlers and shipyards. Czechoslovakia supplies a variety of engineering inputs and Hungary sells agricultural and health-related products.

In general, the Comecon countries undercut Western prices in the hope of developing long-term trade relationships. But Comecon trade has not taken off because Nigeria believes that the East is supplying outdated, secondhand technology acquired from the West. And the Eastern bloc has difficulty in establishing Nigerian business contacts because centrally planned economies prefer to deal with government organizations, and this is not always possible in Nigeria.

The one Comecon country with which trade is growing significantly is Cuba. In March, the two countries signed an agreement to strengthen cultural, economic and scientific ties. Since then, Cuba has



become a technical partner in the \$58-million Sunti sugar project. Nigeria believes that Cuba's experiences, as a developing country itself, may be particularly useful.

Enthusiasm for technology already adapted to Third World conditions also underlies growing business contacts with Brazil and India.

#### Phone System

In 1975, four Brazilian firms were invited to repair and expand Nigeria's telephone system; they had just overhauled Brazil's equally chaotic network. More firms have arrived, and Brazil's exports

to Nigeria jumped 164 percent in 1980. Brazilians are particularly active in water engineering and construction. "All our technical people have worked in similar soil and climate conditions at home," said a spokesman for a major Brazilian concern, Hidrosercives.

Because of the similarities between Brazilian and Nigerian conditions, West Germany's Volkswagen decided to supply its Nigerian assembly plant with parts from VW's Brazilian subsidiary. "The West German parts couldn't cope with Nigerian conditions," a company spokesman said. "The Brazilian kits have sturdier suspensions and higher ground clearance."

The most recent example of cooperation is Nigeria's request that Brazilian firms advise the government on how to move its bureaucracy from Lagos to the new federal capital at Abuja. "We went through the same thing 20 years ago when we moved our capital to Brasilia," a Brazilian businessman said.

India has been equally visible; for example, Rail India Technical and Economic Services has been running Nigeria's railways since 1979.

lians have increased the pressure on the ruling party to deliver what it has promised.

The worldwide oil surplus hit Nigeria more severely than the other members of the Organization of Petroleum Exporting Countries. In the years since OPEC acquired clout in world affairs, the wealth from oil exports has not been able to transform Nigeria into a rich country in per capita terms. The present fluctuations in export receipts do not give rise to hopes of great wealth in the near future.

Some oil company managers in Lagos think that Nigeria has reached its plateau in oil production.

By stressing agriculture rather than some of the glaring problems of urban unemployment and deprivation, the plan aims to halt the drift to the cities at the source.

"There will be no need for anyone to leave their village and struggle to get to urban areas once they have the necessary amenities in their own areas," said National Planning Minister Adenike Ebun-Oyagba.

The government wants to introduce rice farming with the use of modern technology — it favors U.S. firms for that technology. It also hopes to attract big foreign investors into agriculture.

Kano state's PRP governor, Alhaji Mohammed Abubaka Rimi, has been the most prominent voice in calling for an opposition alliance, but it is a widely held view that the NPP at least would not respond to such overtures.

Nigerians are clearly not sufficiently accustomed to the four-year presidential system to be thinking in terms of the next elections, but the political leaderships at least are quietly planning their strategies.

The NPP is confident of a more decisive vote in 1983 than in 1979 because of its pre-eminence as a "nationally based" party and because the divisions within the PRP and GNPP and the geographical handicaps besetting the UPN and NPP make a coalition still seem remote.

Problems will arise if the new constitution proves inadequate in guaranteeing political freedoms or becomes inflexible to changing political realities. Financial difficulties have to be handled with more delicacy under civilian than under military rule.

Government spokesmen have recently described the economic situation as buoyant. Steering the country through the next few months will, however, be a considerable challenge. If it can still claim buoyancy a year from now, its chances of victory in 1983 will be considerable.

### The Oil Question Seen Nurturing Uncertainty

#### COMMENTARY

By Richard Syng

LIKE most nations, Nigeria is going through domestic and foreign difficulties linked to the world recession and a rapidly changing international situation.

The most populated country in black Africa has recently undergone a period of uncertainty resulting from its overdependence on oil exports, its need to maintain a strong African-oriented foreign policy in the face of U.S. President Reagan's conciliatory gestures toward South Africa and its search for a stable political system.

While such uncertainties are not new, there has been an unusual concentration of pressures for the last few months on the 2-year-old government of President Alhaji Shehu Shagari, just as it was beginning to look toward re-election prospects in 1983. The government's reactions to its problems increasingly have to be seen in the light of the next elections.

A decline in government revenues resulting from a slump in oil sales since April is expected to have repercussions for government expenditures well into 1982, when the elections will be even more of an issue than they are now.

There has already been a dispute between the federal government and those state governments not controlled by the ruling National Party of Nigeria about the quantity of federal revenue to be made available to the states. This dispute will inevitably intensify with the financial stringency forecast in the coming months. The 19 state governments are almost exclusively dependent on federal money for their recurrent and development expenditure programs, and thereby for their own electoral chances.

The breakup last July of the NPP's governing accord with Nnamdi Azikiwe's Nigerian Peo-

ple's Party has increased the pressure on the ruling party to deliver what it has promised.

The worldwide oil surplus hit Nigeria more severely than the other members of the Organization of Petroleum Exporting Countries. In the years since OPEC acquired clout in world affairs, the wealth from oil exports has not been able to transform Nigeria into a rich country in per capita terms. The present fluctuations in export receipts do not give rise to hopes of great wealth in the near future.

Some oil company managers in Lagos think that Nigeria has reached its plateau in oil production.

development. It did, however, lead to the nation's most comprehensive development plan yet — for the first time accords priority to agriculture and rural investment.

Since the current administration

will be judged partly on the plan, it focuses on projects that the NPP

has adopted as its own — primarily the new federal capital at Abuja and the steel complex at Ajakota.

By stressing agriculture rather

than some of the glaring problems

of urban unemployment and deprivation, the plan aims to halt the drift to the cities at the source.

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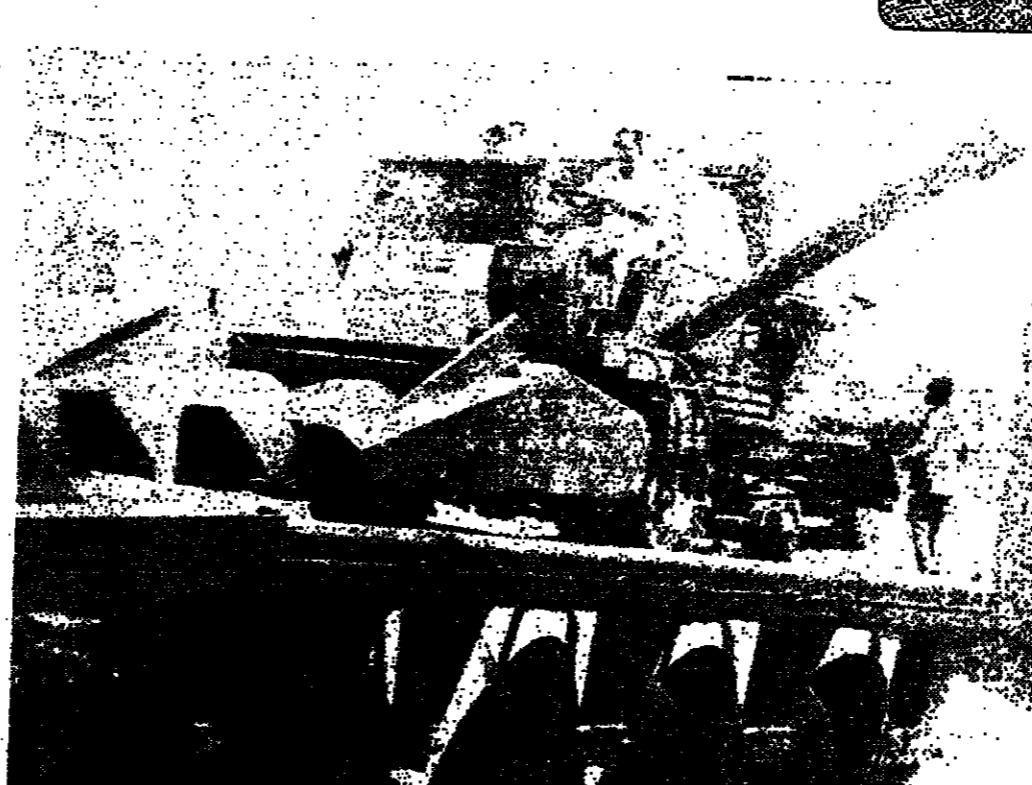
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## NIGERIA



Fertilizer being unloaded at Apapa port, Lagos.



Harvesters and plows were among the farm equipment on display at Kaduna agricultural fair.



Yams, among staple crops, are offered at the market in Agbor.

## Gains in Agriculture Are Given Top Priority as Oil Euphoria Fades

ONCE self-sufficient in food, with a modest surplus of cotton, palm oil, peanuts and rubber for export, Nigeria now imports more than 1 billion naira worth of food annually, a tenfold increase in 10 years. At more than 2.5 million tons per year, food imports account for about one-fifth of the import bill.

In the short term, the situation can only deteriorate. Agricultural production growth is only 1 percent a year while population rises 3.5 percent to 4 percent.

The main cause of the agricultural collapse is the euphoria brought by oil. Farms have been abandoned as young men and women go to the cities in search of jobs in offices that have sprung up on the strength of the oil boom. The average age of an agricultural worker is now 40 and rising. The rural population has declined from 71 percent of the total population in 1960 to 56 percent in 1980.

As oil brought in money, the authorities neglected agriculture. Low public spending on rural facilities and poorly planned agricultural programs accelerated the decline in food and cash crop production. What Nigeria did not grow, the authorities assumed, it could buy with oil revenues. But the government is now fear-

ful of the long-term implications. Oil reserves will probably last 20 years at best and, in the meantime, food imports threaten the balance of payments. Under President Alhaji Shehu Shagari, the government has moved to reverse the trend of falling production.

The 1981-1985 development plan gives agriculture priority. Even if oil revenue shortfalls force planners to trim the plan, agriculture should keep its claim on government resources. It is to receive 13 percent of total plan expenditure — currently set at 82 billion naira — against the 6.5 percent it was allocated in the previous plan. The government hopes to push agricultural production growth to 4 percent during the plan period and to become self-sufficient in food by 1985.

Unlike past programs, the new "Green Revolution" strategy acknowledges the crucial role played by small landholders, whose two-to three-hectare farms produce 97 percent of the agricultural output. A key factor is the Agricultural Development Projects (ADP) program. Introduced by the World Bank on an experimental basis, pilot ADPs substantially increased the yields of small farms, and the program is to be expanded. The ADP program is one of the few agri-

culture schemes that has ever worked in Nigeria," said a World Bank spokesman in Lagos.

ADPs are essentially networks of support services organized from central Farm Service Centers, which provide farm inputs (fertilizers, chemicals, seeds and machinery), training in improved methods, credit, marketing facilities and other extension services. An ADP project can also include the construction of rural roads and irrigation facilities, and price subsidies on materials.

The government would like to extend the ADPs to the entire country but the cost is prohibitive. Instead, the pilot ADPs will be expanded in the seven states that participated in the original experiment: Kaduna, Sokoto, Bauchi, Benue, Plateau, Kwarra and Niger. Other states will receive scaled-down ADPs called Accelerated Development Area programs (ADA). These will include many core elements of the ADPs, such as basic extension services, help with input distribution and rural feeder roads. When money is available, the ADA will be upgraded to full ADPs.

The ADP-ADA program will cost 2.3 billion naira from 1981 to 1985. The federal government will meet about one-fifth of the bill,

with the balance provided by the individual states and World Bank loans.

Farmers not immediately covered by the ADP-ADA program are not ignored. All farmers are to receive subsidized fertilizer. If current subsidy policies continue, the government's fertilizer bill by 1990 will equal nearly one-quarter of the public expenditure for agriculture.

## Road Network

The development plan includes provisions for improving the general rural road network. Less than 10 percent of the rural feeder roads previously built by the government have all-weather surfaces, and many roads wash out in the rainy season. Nigeria has less than 4 percent of the advised minimum mileage of all-weather roads at present, but the government hopes to increase the figure to about 50 percent by 1985 at a cost of 700 million naira. Efforts will be concentrated on the most productive agricultural areas.

The other main rural infrastructure weakness, poor water supply, is also dealt with outside the ADP-ADA programs. Facilities to irrigate 1.4 million hectares are planned, while 1,500 bore holes are to be drilled.

The 900-million-naira irrigation

program will be supervised by Nigeria's 11 River Basin Authorities — federally funded organizations with responsibility for developing resources in the major river valleys. They also provide some extension, input supply and marketing services to farmers within their boundaries.

Efforts are being made to improve producer prices. Low returns in the past have caused farmers to smuggle produce into surrounding Francophone countries, where they are paid in CFA (for African Francophone Community) francs, a hard currency. Immediately after taking office, President Shagari raised prices for the cash crops bought by the government's commodity boards (administered by the central bank), but a comprehensive price policy has yet to evolve.

## Credit Reserve

Finally, apart from the special credit facilities in the ADP-ADA program, the government is improving credit nationwide. Commercial banks have been instructed to reserve 8 percent of their loan money for agriculture, up from the 6-percent requirement. In addition, banks are being forced to open branches in rural areas, and the government's Agricultural and

Cooperative Bank is to have its lending fund substantially increased.

A credit problem remains, nevertheless, because small producers have no collateral, and most loans therefore go to large producers. The Agricultural Credit Guarantee Scheme, intended to protect banks against unsecured loan defaults, covers only 75 percent. Banks want 100-percent coverage.

While the plan focuses on the small holder, the government is also anxious to encourage large-scale production. Unlike in the past, the role of private entrepreneurs will be emphasized, and increased incentives are being devised to attract investors.

In an attempt to entice foreign companies to bring in agribusiness technology and capital, the government earlier this year raised the foreign equity limit on agribusiness investments from 40 percent to 60 percent.

## Consolidation

In answer to potential investors' complaints that it is virtually impossible to obtain clear title to large tracts of land, the government has stepped in with a land consolidation scheme. Previously, banks are being forced to open branches in rural areas, and the government's Agricultural and

Cooperative Bank is to have its lending fund substantially increased.

As the land was originally held on a communal tribal basis. The title problem is particularly acute in the south. Under the new proposal, the government will negotiate leases in many cases, contributing the land as its share of a joint venture with the interested investor.

Finally, the government recently announced that it will contribute to the cost of land clearance, which can run from 500 to 1,000 naira per hectare.

The investment incentives are slowly paying off. In June, Bechtel Foods of the United States announced plans to invest \$150 million in an 80,000-acre tomato growing and processing operation in Plateau state, and many other companies are exploring investment possibilities.

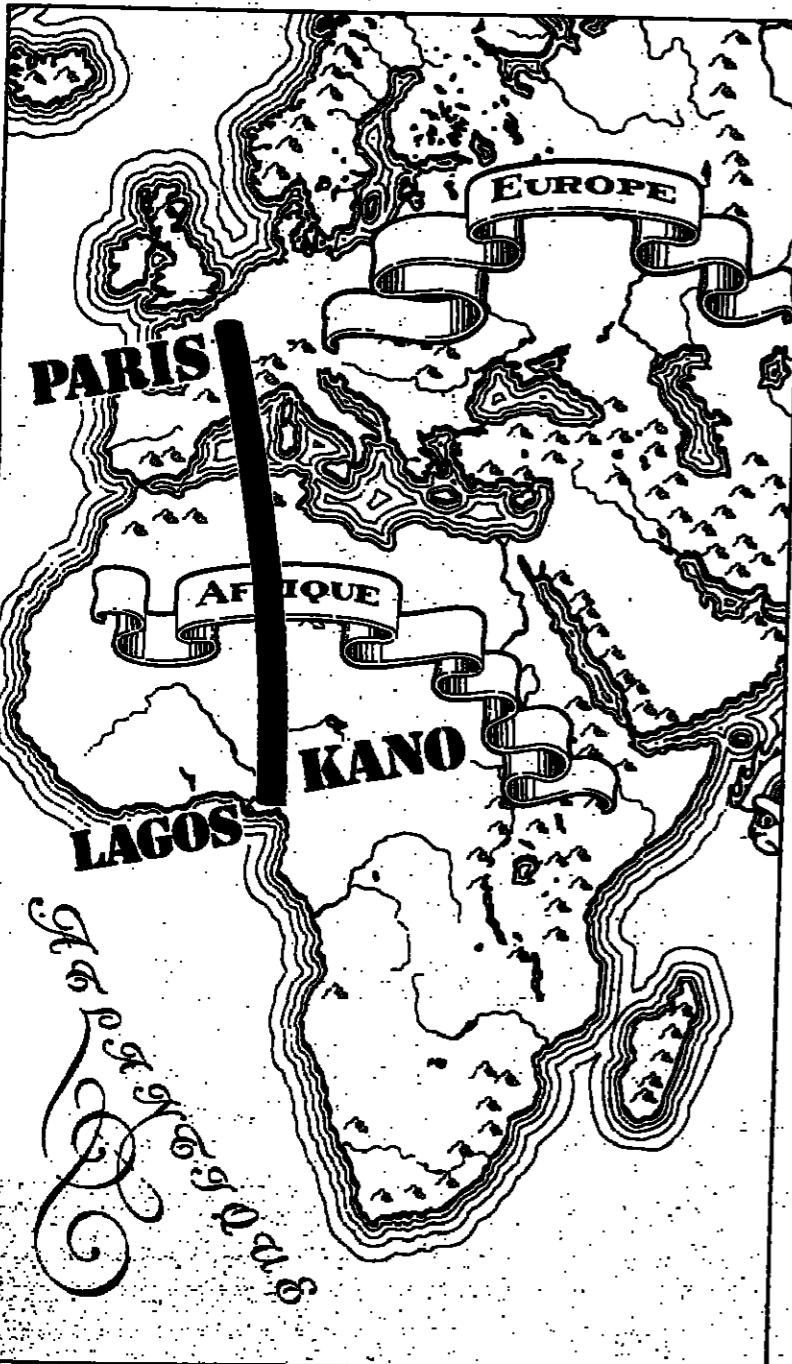
Nigeria is clearly addressing its

agriculture problem with renewed vigor, and some improvements can be expected during the next five years. But an important issue remains.

If the present domestic production policy continues, it will increase food prices for consumers — high production costs make local supplies much more expensive than the imported equivalents. If local production takes off, as the government hopes, and if local produce is protected by import tariffs, as is likely, the consumer will lose out. The government may then face political pressure to readmit the cheap imports, which will undercut the local producer, forcing him to sell at an uneconomical price. In such circumstances, incentives for both the large and small producer will decrease, and production could well stagnate again.

— GILLIAN GUNN

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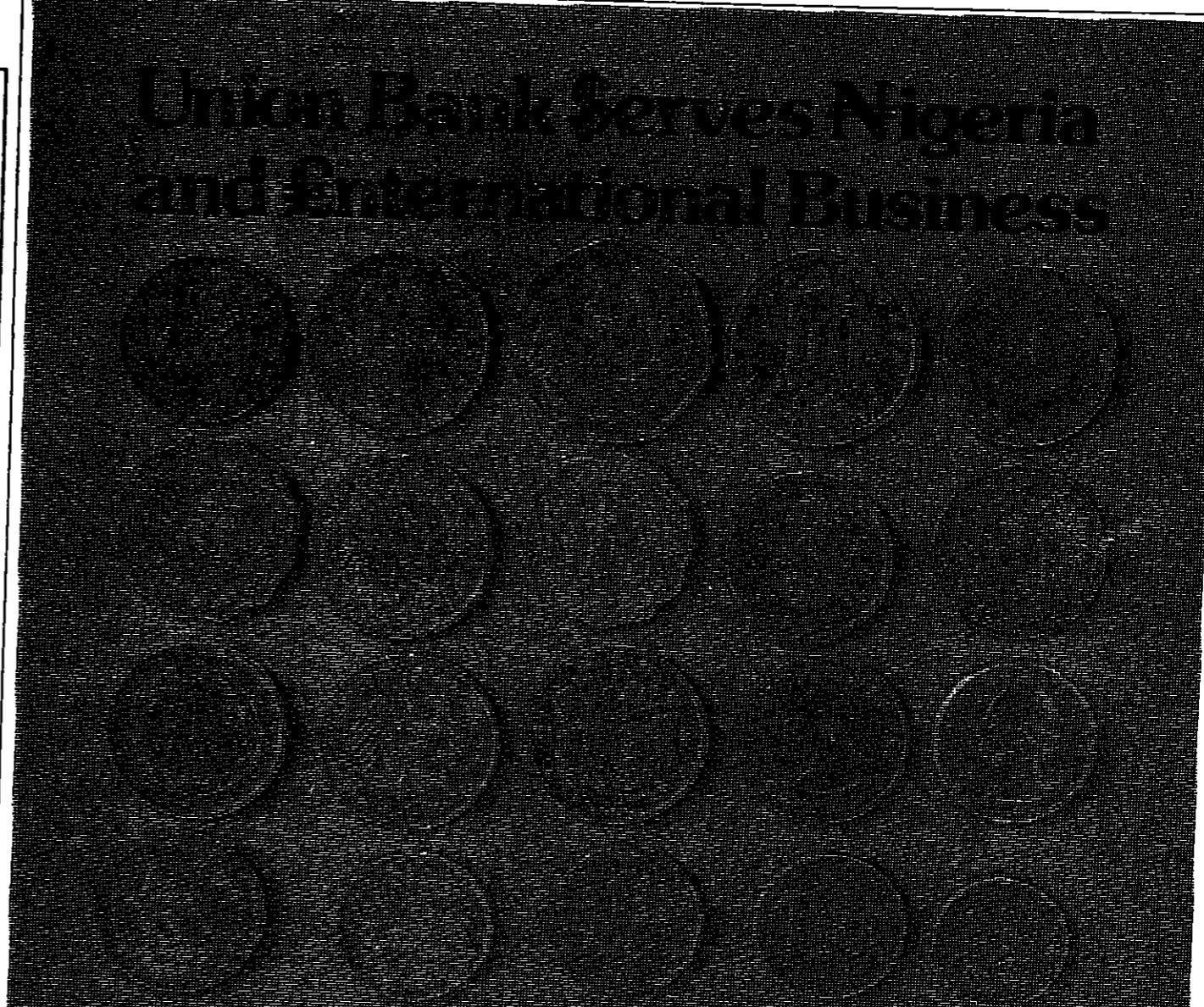
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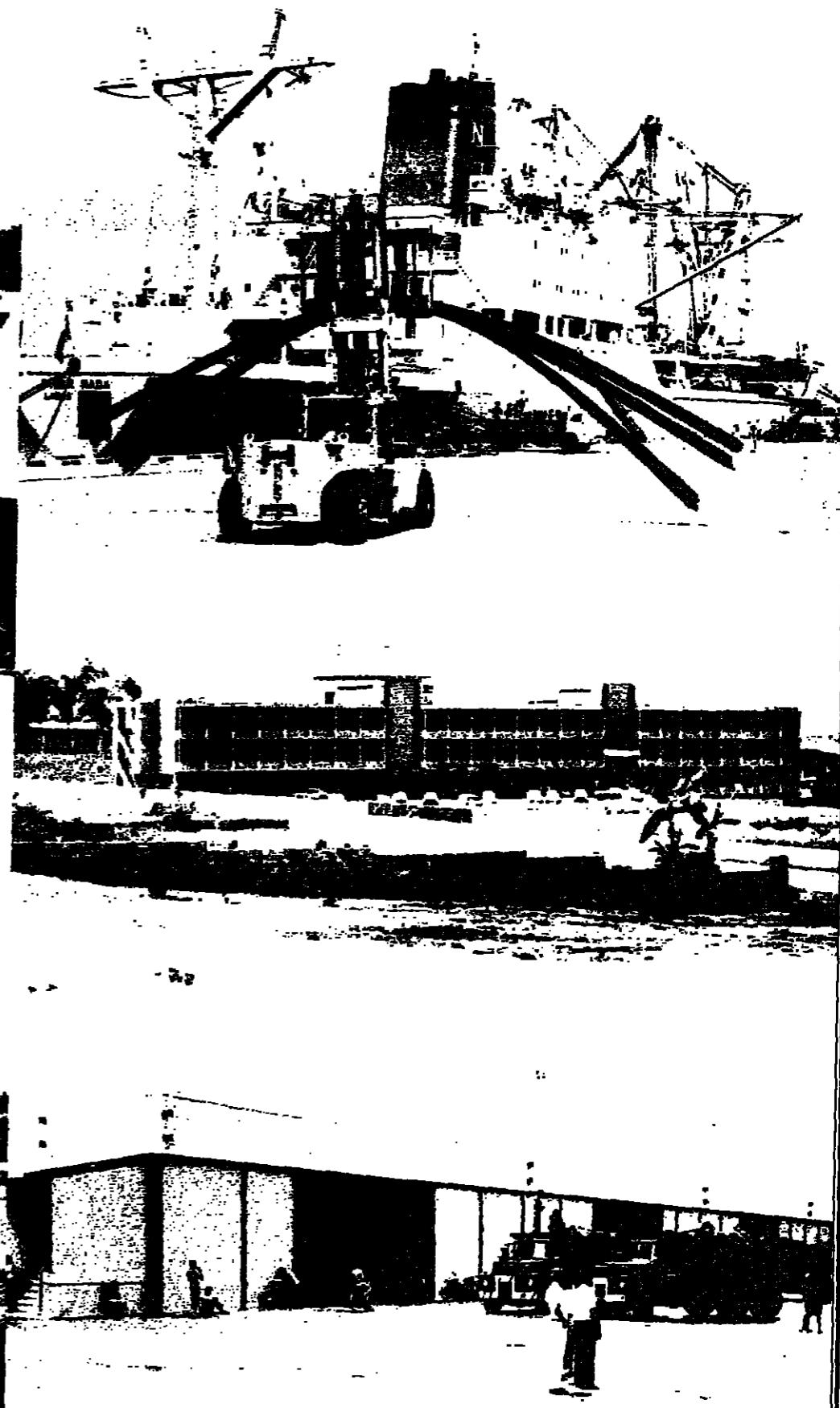
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## THE BRAND NEW PORT OF CALABAR By Rupert Bibra

The Nigerian Ports Authority (NPA): Just to give you an idea of the size of the NPA and of the volume of trade handled by it, during a twelve month period in 1978/79, 6,322 ships sailed to Nigerian ports and their net registered tonnage totalled 68.5 million tons. The major ports are Tin Can-Apapa-Lagos complex, Port Harcourt, Warri and Calabar and the 3 Oil Terminals of Escravos, Foros and Pennington (453 of the ships and 28.9 millions of the overall tonnage).

This page is devoted to Calabar because the shipping world appears to have clung to misconceptions about "an old-fashioned and small shallow water port up a winding river" - quoting a Sea Captain who must have out of date Reference books. The NPA secured \$2 billion from General Murtala Muhammad to modernise its ports during the 3rd Development Plan period - in those days ships had to wait up to 180 days before unloading and often over 300 ships would be at anchor beyond the Lagos Bar. In 1979, the NPA brought on stream 4 new ports - Tin Can, Apapa Container/RoRo, Warri and Calabar - and so at a stroke caught up with the logistical problems that had cost Nigeria billions of \$s. Warri's new port was built to serve the central and northern hinterland and the new Calabar port was built to serve the East and the North-Eastern states, taking pressure off Port Harcourt and opening up a larger catchment basin for itself to North Cameroun and Chad.

OLD CALABAR: When the NPA took over the harbour installations at Calabar from private operators in '69 these meagre facilities consisted of scattered jetties and wharves located at the foot of a cliff and could not be considered a port in the modern sense of the word. Annual cargo tonnages handled in the years 1969-75 remained around 100,000 tons and only ships with a draught of less than 6 meters could use Calabar at all. The town itself was cut off from the mainland & cargoes for the hinterland had to leave by car-ferry or barge - now there is a bridge. The Norwegian government helped to change all this. Planning for a new port began in '72 and work on it commenced in Oct. '76, being completed ahead of schedule in June '79. Norway, Holland, Belgium and West Germany have given their expertise to build for Calabar an ultra modern port.

NPA's Port of CALABAR: This selection of photographs has been chosen to show you this splendid new port and the people who built and operate it: 1/5 vessels, each of 160 meters length overall, can be worked from the Esuk Utan quay at the same time 2/. The commemorative tablet for the commissioning of the new port 3/. The RIVER MADA, Nigerian National Shipping Lines, alongside 4/. The Port Manager's office (with clinic attached) 5/. Looking down on Esuk Utan Quay and the Calabar river 6/. One of Esuk Utan's 3 large transit sheds, rigged with lighting for 24 hour working of the ships 7/. The Port Manager, Mr. Akyan, inspects storage of palm kernels for export in one of the two large warehouses 8/. A cargo of 110 tons, landed safely at Calabar, is transported swiftly to the North on the new expressway system 9/. Bishop Uzunge amuses Colonel Oma and Chief N'Kempe, the AGM of NPA 10/. Alhaji Tukur, NPA's General Manager, helps at the launching of his brainchild - June 9th 1979.

CALABAR lies some 40 nautical miles from the open sea (to Fairway Buoy) and 5NM from the main entrance channel of Cross River. Before proceeding up the Calabar river it is mandatory to embark a Pilot of Parrot Island. There are presently 26 buoys marking the channel - in '79 dredged to more than 7 meters below chart datum and now being further deepened to 9 metres - up the Calabar river and there soon will be 52, bringing buoyage to the highest international standards. Proceeding up river, Calabar at first sight doesn't seem to have changed much but two new buildings have joined the old skyline of the Catholic Cathedral and the Hope Waddell school chapel - Atlantic House is the new HQ of the Nigerian Palm Produce Board (in 1980 they exported 53,800 tons from Calabar; they operate in 15 states but Calabar is the centre) and the brand new Mercantile Bank Building (a bank that made Naira 12 million net profit in '80) now dominate the skyline. As the river takes its 'S' bend - this is what limits ships' length to under 180 meters - to Esuk Utan Quay, ships will pass the small battle scar'd Dockyard, the Naval Base and the old harbour. Then comes the large Cement works before vegetation closes in again on both banks and the mooring buoys for lighter discharging appear over the western bank of the river. The river is

still tidal here with a maximum rise and fall of 1.56 meters, and as the ship completes turning through the 'S' bend the new Army 'Armoured River Patrol' Depot comes in sight, immediately beyond it lies the Calabar Port Development - just as you see it in these pictures. Shipping lines removed the 5% shallow water surcharge for Calabar destined cargoes in '80 and Hamburg based COWAC now offer a discount on cargoes routed through Calabar, UKWAL may follow. Yet shipping lines and Forwarding/ Clearing Agents are being slow to take advantage of the faster turn-round that Calabar now offers. In 1980 Cargo throughput barely exceeded 200,000 tons and even the 195,337 ton figure for the first six months of '81 is a poor one when one considers that Calabar can work up to 18 ships at the same time and should handle one million tons per annum as of today's preparedness.

TECHNICAL SPECIFICATION: For approximately 100 million Naira spent so far, Calabar has its new deeper approach channel, an 860-meter quay, large modern transit sheds and warehouses, a very large tarmaced area for stacking containers & for parking, secure boundaries (the police and customs offices command a view of almost all the fenced area of the port), bunkering by MORL, 13 metres of water alongside the quays and for the turning basin, dual-carriage linkage to the new Expressway system, direct access to a new industrial zone (the first factory, MATCHES, is about to be commissioned) and Free Zone - where it is hoped Chad and Cameroun will build warehouses, engineering workshops, a fire station and all modern services - including workmen's cantine - all round the clock. Just write to the Port Manager, or telex him on 65107 Answer-back PAMBOD for the full technical specifications - or ask your shipping agents (Amazni, Express Reliance, Ibroku Commercial, Joki, Panalpina, Triana etc.) or your bank (Union Int. UBA all have Calabar branches; quite apart from MERCANTILE's HQ).

At the time of writing, Calabar is taking delivery of 9 Portal Cranes of 3.5 ton capacity that will be mounted on the rails alongside the Esuk Utan quay. These will be backed up by 6 mobile cranes of 25-30 ton capacity and 56 Forklift trucks from 3-30 ton capacity. In the '82-'85 Plan

for Calabar's development, orders have already been placed for one Portainer crane (a million Naira 'Portique') and a Ro-Ro Platform. Of course Calabar must have Portique and Roll on-Roll Off capacity by '85 Containerization offers 3 times the handling speed of conventional methods but not all cargoes are suitable for it. The Container/Ro-Ro quay will be built next to Esuk Utan in the direction of the Army Depot (down-river), whilst more of the General Cargo handling quays can be built up-river towards the Turning Basin as traffic grows - plans are flexible, but Calabar has spare capacity NOW and shipping lines should be aware of it.

PROGRESS: Calabar is beginning to perform its new functions - offered by the modern port and Expressways to the North & North-East: Ikom, Ogoja, Katsina-Ala, Jalingo, Yola, Maiduguri, Nguru etc. Branches of this road reach Plateau & Kano states and good paved roads extend into Imo - Anambra states. As Agriculture begins to climb back to its mid sixties peak (both the Rubber & Cacao Boards have offices in Calabar) much larger tonnages of produce will be shipped from Calabar - rubber, palm kernels, palm kernel oil, cattle cake, groundnuts and coconuts, plus limestone & gravel and in turn, imports of rice and wheat will increase. The Nigerian Palm Produce Board alone could double its export through Calabar as harvests head back to 1963's 205,000 tons peak (not ALL through Calabar). New mobile conveyor belt equipment - flown in by Hercules - is being tested at Calabar. Limestone exports to the 'Russian' steel mill promise important new business. Ashtland has joined Mobil in moving its Nigerian HQ to Calabar and ancillary organisations will now follow. The gravel wharf up river from the Turning Basin continues successful operation - Coastal traders load up to 1,500 tons per ship & transport this freight to Port Harcourt. Other major businesses in the area include the Nigerian Newsprint Co. and the Palm Kernel Crushing mill (at Abak), the Flour Mills, the Cross Rivers State Brewery and Asbeston Co. - who will be next?

Write to NPA, 26/28 Marina, Lagos - the PRO's Office or, direct to: The Port Manager, N.P. Authority Building, Calabar - Esuk Utan, telephone no. 221179 Telex no. 65107. Answerback PAMBOD.



## NIGERIA

## Budget Reviews Accompany Vicissitudes of Oil

**N**IGERIA has felt the recent worldwide oil surplus in two ways: a severe slump in the value of exports in the third quarter of the year, and a drop in the federal government's revenues, affecting expenditures for the rest of the year and into the early part of 1982.

While some erosion of the foreign exchange reserves — which stood at more than 5 billion naira for the first six months of the year — is expected by the end of 1981, the balance-of-payments situation appears to be manageable.

Venturing a forecast for total 1981 foreign exchange flows, the president's economic adviser, E.C. Edozien, said recently that the net outflow would be about 14.3 billion naira and the inflow (export payments) 13.4 billion naira, leaving only a small reduction in reserves over the year.

If the payments situation is easier than some economic commentators have predicted, the same cannot be said of the operations of the federal and state budgets.

## Health Services

Some federal ministries have had financial difficulties for some months, following an earlier government decision to reduce public expenditure. Especially hurt were health services. Educational spending, largely a state government responsibility, has also been hurt to the extent that some states can no longer pay their teachers.

Some states have recently announced cuts in capital and recurrent spending. In Ogun, the cuts are about 25 percent for new projects and 15 percent in operational spending.

Confirming the need for government austerity, the president's budget director, Chief T.A. Akiyale, recently announced that

*The competing demands of various projects pose a thorny problem for economic planners.*

budget estimates for 1982 would have to be cut by 30 percent.

Given the predominance of the public sector in Nigeria, it is clear that by regulating the annual budgets to suit present economic constraints the government will also have to apply the brakes to parts of the ambitious \$2-billion-naira 1981-1985 development plan.

The Planning Ministry is proposing no serious revisions of the plan. An official notes that annual budgets may reorder some of the expenditure "but what is in the document itself remains intact as a total picture of our needs." He added: "It is difficult to see what will happen over the next five years. If the oil sector picks up, it should be possible to accelerate the process of plan implementation."

The plan remains a useful measure of the government's economic ambitions. Some of its original assumptions, however, have to be reconsidered, notably its anticipation of aggregate budget surpluses during the five years of \$3.6 billion naira. But it did accept the possibility of substantial borrowing, on the order of 16.9 billion naira over the five years. This figure, in many bankers' and economists' estimation, could be increased.

It is too early to measure the accuracy of the plan's growth forecasts. Gross domestic product was supposed to increase by 7.2 percent a year, with the manufacturing, utilities and communications sectors increasing by 15 percent a year.

The early signs are that 1981 is a

bad year in which to measure the growth rate. After a GDP growth of more than 8 percent in 1980, including 10 percent in manufacturing, the outlook for the whole economy and especially for industry is not good.

Mr. Edozien recently noted that any economic decline this year would be due to the delay in getting legislative approval for federal and state budgets, combined with the negative effects of trade union militancy earlier in the year and smuggling, which is strangling some industries.

The government is convinced, however, that the economy will still be buoyant during the next 12 months, sustained, no doubt, by the high level of imports and resultant domestic commerce.

## Thorny Problem

Setting next year's austerity budget will be a thorny problem in view of the competing demands of projects, with priorities such as Abuja (the new capital city) and Ajakuta (the country's basic iron and steel industry). The capital spending costs will have to be weighed against the recurrent demands of state governments, social spending, the armed forces and the river basin authorities.

For big projects, the government does have the possibility of raising foreign and domestic loans. "The capacity for borrowing is there and so is the servicing capacity," a merchant banker said. Meanwhile, however, the government's creditors are noticing the application of the more usual government procedure for coping with inadequate revenues: delaying disbursements.

If the federal government goes as much to development expenditure and the arrival of heavy machinery and capital equipment as it will want to control the situation, and it has issued warnings to state governments that they have continuing access to foreign loans. Finance Minister Victor Masi rebuked the state governments in August for seeking foreign loans and said his ministry would no longer be so keen to grant approval for them.

The government is determined to continue to direct large sums into agriculture, a sector that is not necessarily going to respond in the planned manner, although at the very least this can slow the drift from the countryside to the towns.

Much of the emphasis in the "Green Revolution" program is on rice production. Maize is also re-

ceiving attention. Through the agency of both the World Bank and the 11 River Basin Development Authorities in the country, small and large commercial projects are being put together throughout the country.

The introduction of advanced-technology agricultural schemes is made possible by the setting up of the Joint Agricultural Consultative Committee with U.S. agribusiness firms. A U.S. company is expected to join in establishing a major rice project in the near future and rice mills around the country. Rice milling has been moved from the category of businesses that have to be 100-percent Nigerian-owned and can now have up to 40-percent Nigerian participation.

The government has also agreed to pay 50 percent of the land clearance costs of any approved agricultural project involving foreign investors. It may also step in to resolve land tenure problems if necessary.

## Exports

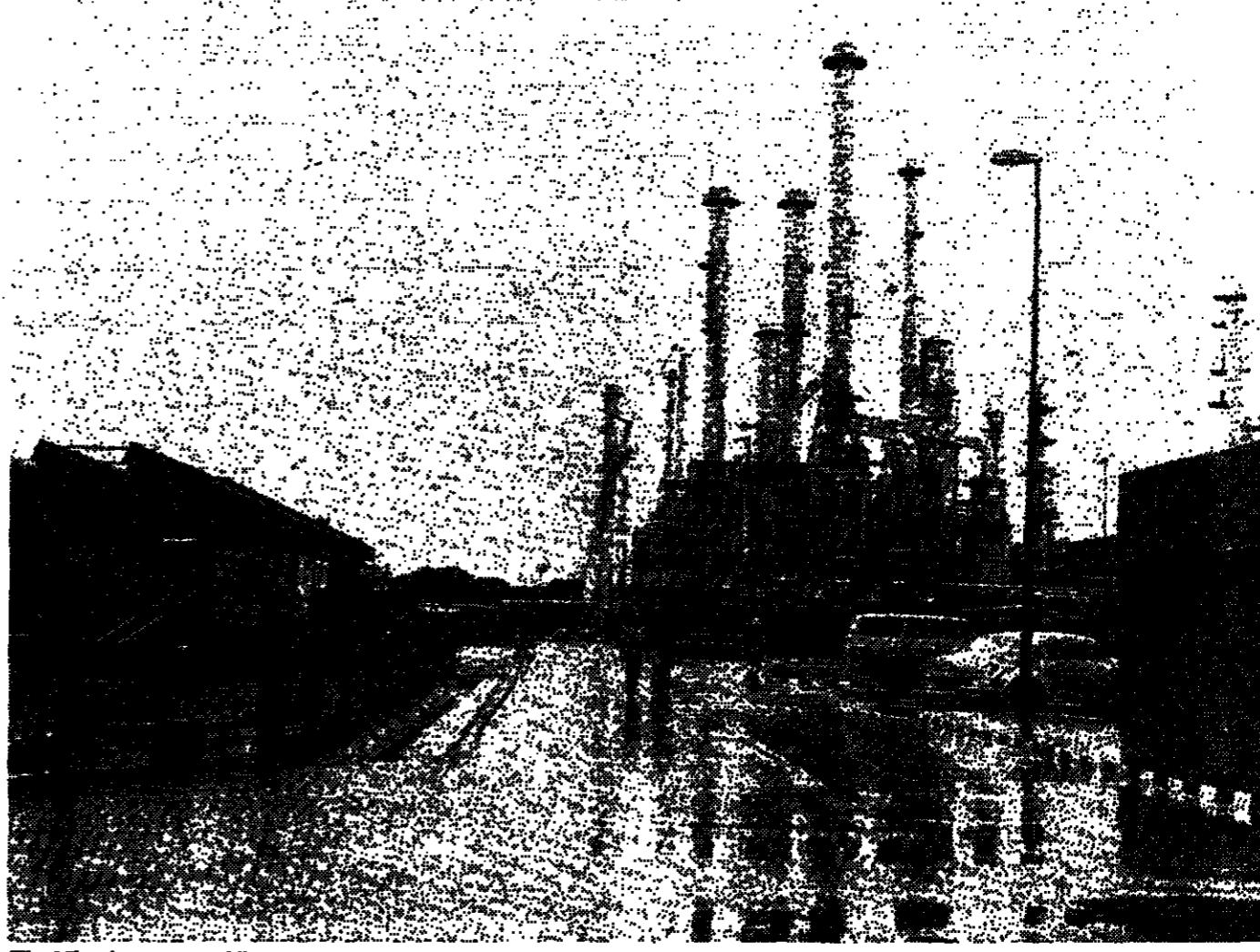
Whatever the needs for diversification of economic activity in Nigeria, the country is forced by circumstance to look hard at its future as an exporting nation. So far only natural gas presents itself as a potential export substitute for oil.

There are serious questions over the ability of the country to sustain its present level of imports, which have doubled since October, 1979, to 1.2 billion naira a month.

The rising cost of imports is due to much to development expenditure and the arrival of heavy machinery and capital equipment as it is to the importation of food. Neither of these two areas can be curbed easily, leaving the area of consumer goods as the only possible target for import cuts.

It would be politically difficult for the president to announce any import cuts, as many of his supporters remember the effects of the former military government's import ban of 1979, when many traders and contractors went out of business. In fact, from these quarters there is pressure to lift some of the remaining bans. In the meantime, the flourishing smuggling activities in the south show no signs of abating.

— RICHARD SYNGE



The Nigerian National Petroleum Corp. oil refinery at Warri.

## Slumping Oil Market Poses Challenge to the Economy

(Continued from Page 7S)

**As the new NNPC board of directors looks at the company's reorganization, it will have to take into account the diminishing role of oil as an export and its replacement by gas.**

Times recently noted that emphasis should be placed on promoting self-reliance in the technological aspects of oil production for the time when nearly 50 percent of production will be for domestic use.

The paper summed up the situation as follows: "At a time when the international oil market is again beleaguered by a politically inspired oil glut which is somehow having a telling effect on the national economy, the new NNPC board will require all the patriotism and expertise it can muster to ensure that this country derives the maximum benefit from the oil sector."

— RICHARD SYNGE

tion many reach 10,000 (of whom perhaps 2,000 will be foreign technicians) with housing, food and recreation requirements.

The 16 gas carrier ships for Bonny are estimated to cost about \$200 million each and the discussions on the shipping side are not completed, according to Nigerian sources.

If the project's signing ceremony takes place as scheduled next year, Nigeria will be well on the way to earning a steady income by the end of the decade. Under the terms of the sales contract initiated by the consumers, there need be no fluctuation in output as has been occurring recently with oil — this

is the firmest attraction of the gas project.

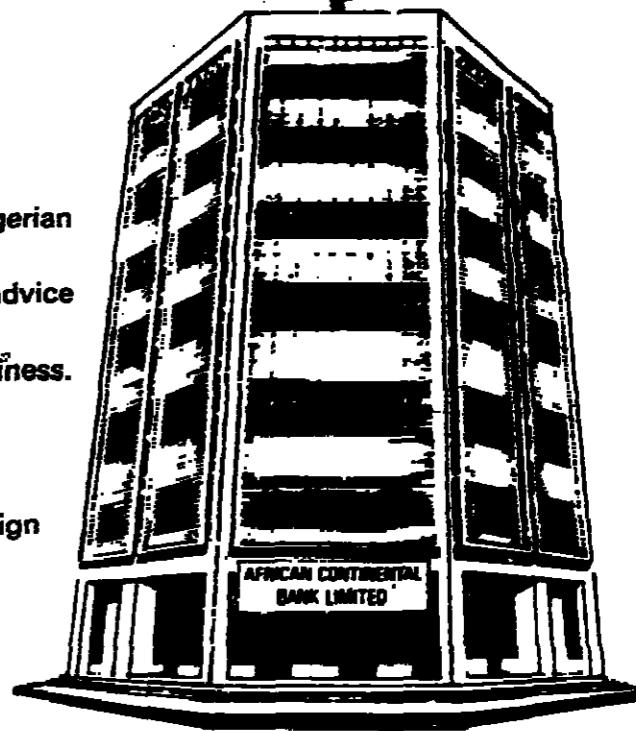
Plans are also under discussion for domestic applications. A power station near Lagos is to be powered by gas, but there has not yet been a decision to install a nationwide gas supply grid.

As the new NNPC board of di-

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## NIGERIA

## Help of Foreigners Creates Frustration

**WE ARE LIKE the buyer of a house who every day has to call in the architect to turn on the lights.** That is how Dr. Felix Orogwu, a director in the new Ministry of Science and Technology, describes Nigerians' frustration at their dependence on foreign companies and experts.

During the last decade, that frustration has led to a surge of economic nationalism as Nigeria rich in oil but lacking in expertise seeks to reduce foreign control over all aspects of national life. Successive governments have focused on the issues of foreign investment, technology transfer and the employment of foreigners. But Nigeria needs the foreign services, and so the government seeks to promote "Nigerianization" without scaring away foreigners.

The most visible manifestation of increased nationalism is the 1977 Nigerian Enterprises Promotion Decree, which limits foreign investment with the aim of "protecting and protecting Nigerian participation in all areas of the economy."

The decree divides business activities into three "schedules." Depending on the sector's level of technology and capital intensity, investment must include 40 percent, 60 percent or 100 percent Nigerian equity. Generally, the more sophisticated the operation, the more foreign equity permitted.

## Companies Reaction

Some companies, such as International Business Machines Corp., decided to withdraw from Nigeria after the decree was issued in July 1977, rather than surrender absolute control over their subsidiaries. Most have returned — and IBM reported record Nigerian profits this year — but the decree did slow the pace of new investments.

Nigeria is aware of the decree's chilling effect on investors, and recently adjusted the investment categories to attract business. Most significantly, the foreign equity

limit for agribusiness investments has been raised from 40 percent to 60 percent. "There simply are not enough Nigerians coming into the agriculture sector," a spokesman for the Ministry of Agriculture said. "If we are to feed ourselves, we must permit greater foreign participation."

In addition to the 1977 decree's restrictions, foreigners' activities are limited in certain strategic sectors. The government owns and operates the railroads, telephone and electrical services, and holds a minimum 55-percent stake in companies manufacturing iron, steel, petrochemicals and fertilizers or distributing petroleum locally.

The nationalist sentiment is also evident in the new National Office of Industrial Property legislation. Established in 1979 but dormant until this year, the NOIP examines trademark, management and technical agreements between Nigerian and foreign firms to ensure that the technology transfer terms are fair. "Objectable agreements are denied foreign exchange approval for payment."

## Profit Motive

"Because of the profit motive, companies supplying technology don't want us to develop the absorptive capacity to redesign and implement that know-how," an NOIP spokesman said. "They want to sell us the same technology again and again. The NOIP will stop that."

Among the grounds for denying approval are: overpricing, the forced purchase of unwanted gadgets, limits on the uses of the technology, obligations to buy related technologies only from the original supplier and restrictions on local development of foreign techniques. The law also forbids agreements that require contracts to be submitted to foreign jurisdiction.

Many foreign companies are disturbed by this legislation and say



DANCING FEET — The art of dancing flourishes as strongly as ever in Nigeria, with performances in modern theaters as well as in towns and villages.

that it could eventually reduce the transfer of technology to Nigeria.

A British company said that the law "lowers the threshold at which inconvenience outweighs potential profits." Again, Nigeria has backed off slightly in response, and the government is reviewing the law with the intent of softening some requirements.

The NOIP gives Nigeria the strictest technology transfer law in

Africa, and not surprisingly Lagos is the continent's leader in international debate on the subject. In the negotiations on the UNCTAD International Code of Conduct on the Transfer of Technology, Nigeria is "among the most radical of the Third World participants," a UN spokesman said. (UNCTAD is the United Nations Conference on Trade and Development.)

Concern over the economic im-

pact of uncontrolled foreign activity is also behind the government's policies on foreign workers. The authorities believe that Nigerians will not acquire the skills to run their own affairs if top jobs are continually filled by foreigners.

The government makes it difficult for companies to employ expatriates and makes permission contingent upon approval of the firm's employment practices re-

garding Nigerians. When applying for an expatriate permit, the prospective employer must report its program for training Nigerians and its plans for replacing foreigners with nationals. In addition, all firms must contribute a percentage of their total salaries to a central fund. Upon government approval of the company's "Nigerianization" efforts, up to 60 percent of this is refundable.

The government also can simply order the employment of Nigerians. For example, last winter the authorities instructed firms to place Nigerians in executive board positions. They previously had been confined to non-executive board posts.

Despite the government's vigorous efforts, the employment of foreigners will undoubtedly increase during the coming years. The five-

year development plan reports a current shortfall of more than 55,000 professionals and anticipates that this will increase to more than 120,000 by 1985. Nigeria will be able to fill only a fraction of these vacancies with its citizens.

The development plan thus concedes: "It will be necessary to continue to facilitate the inflow of qualified expatriate personnel."

— GILLIAN GUNN

Econ  
Economic Benefits Sought From Investment Controls

*Special to the IHT*  
WHEN the civilian government came to power, it rapidly saw that industrial policy had to be more cohesive.

The National Party of Nigeria, in its election manifesto, had already written about the need for more order in industry. Once in power, the government put out a document entitled "Nigeria's Industrial Policy and Strategy: Guidelines to Investors." Although it is only a statement of intent, the authorities take it seriously, and it is already apparent that investors benefit from the substantial incentives offered.

Previously, industrial policy had concentrated on import substitution. The new document concludes that "the benefits of this strategy to the national economy have been minimal, principally because of the invariably low level of value-added."

The 10-percent contribution of the manufacturing sector to gross domestic product is considered low. Output has been characterized by a high level of low-technology light industries. The engineering sector should be much larger, Minister of Industries Alhaji Adamu Cromo said. "There is an almost total absence of intermediate and capital goods" in Nigerian industry.

## Policy Aims

The authorities want to reduce dependence on manufactured imports, exploit local resources and ensure that technology is transferred to Nigeria. Additionally, they want industry to create jobs.

Investors who try to increase local value added (which roughly is measured as the proportion of local input) will benefit from certain incentives. Local raw materials are to be used wherever possible, especially in agro-based industries. Importers of semi-finished products will be encouraged to start the local manufacturing of such goods.

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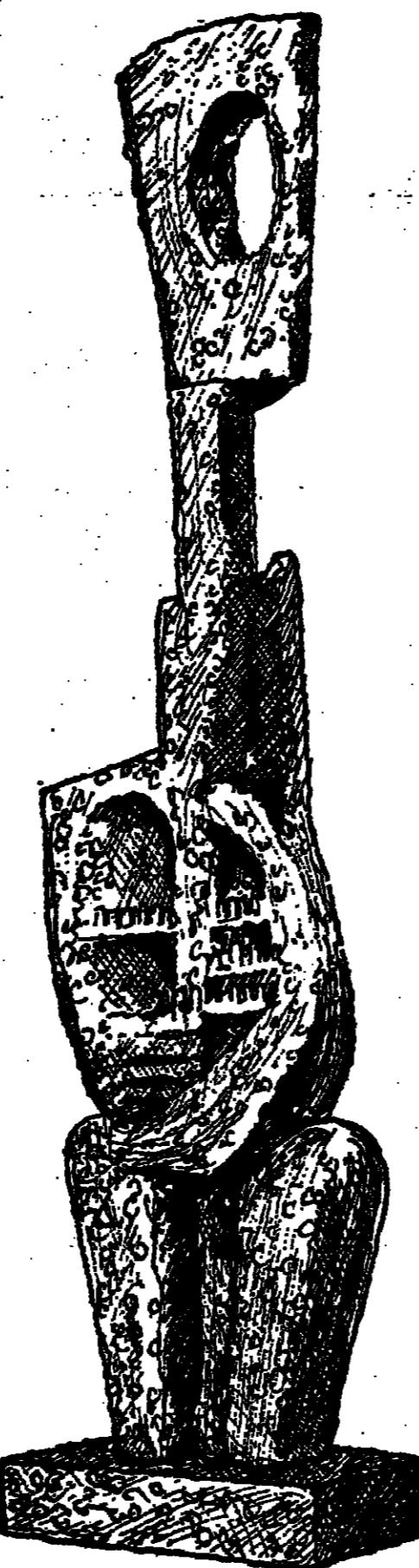


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Contra A/cs.	918,348	772,169	918,348	772,169
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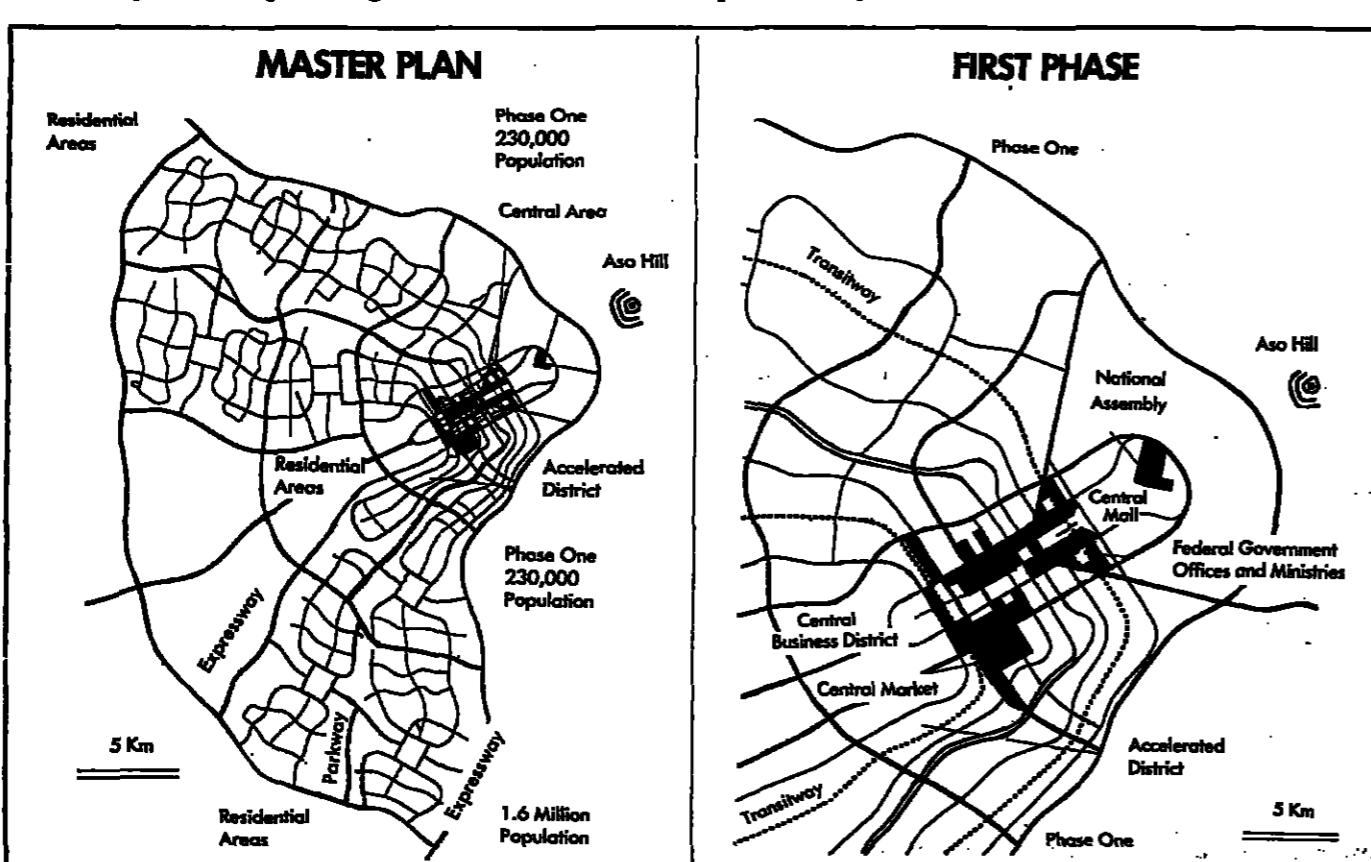
## IN NIGERIA



Gwari villagers are being encouraged to move from the Federal Capital Territory.



There is a flourishing business in building materials in Abuja.



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## New Federal Capital Rising on Ancient Site

(Continued from Page 7S)  
companies. And most estimates suggest that another 1 billion naira has already been committed to the work under way, mainly on the road systems being built by West German contractors Julius Berger and Strabag and by French contractor Dumez.

### Coordination Problems

The problems of coordination are huge for the small FCDA staff, which, 50 kilometers away in Suleja, cannot always see what is happening on the ground. The staff is overstretched in the coordination of plans and quality control. Contractors and consultants have occasionally found themselves duplicating or conflicting with one another's work.

Another concern among contractors on the site is that the FCDA may have to slow its rate of spending because of the federal government's looming revenue dif-

ficulties. With major new contracts coming up, requiring huge "mobilization fees" before work can start, the real importance of Abuja to the federal government will be clearly tested. Abuja has been said to be "Priority No. 1" under the 1981-1985 development plan, but there are other priorities.

The full costs of supplying Abuja with all it needs have not been publicly estimated, but costs for roads, power and supplies, for example, are already considerable.

A population of 1.6 million has been estimated for the year 2000. This is a realistic figure, but how much of the accommodation for this population can be provided by the building plans envisaged at present is open to question.

Local contractors have been given encouragement to persevere, although much of their work is recognized as not being up to the standards envisaged in the plans.

What is surprising is that no provi-

sion has been made for the application of traditional materials and building techniques, which could be aesthetically pleasing and well-adapted to the climate.

### Powerful Arguments

Despite the difficulties, Abuja is got under way, and the arguments for pressuring ahead are powerful ones.

They include the continuing congestion of Lagos and the fact that the search for neutral ground between the three great ethnic groups—Hausa, Yoruba and Ibo—has produced a spectacular site with the potential for good communications with all three areas, particularly by road and air.

The costs are heavy, however, and a semi-functioning new capital is not likely to produce greater efficiency in itself. In most activities, Abuja will not be able to replace Lagos for a good many years.

On the local level, how much the

Gwari people will benefit from the

upheaval on their traditional land is not certain. Their old social order is likely to be eroded quickly. The government's provision of new villages, where the ecology is different, and where they have to find new employment, could cause painful adjustments.

The old village of Wuse is now surrounded by the activities of earth movers, bulldozers and cranes and has momentarily flourished as a market providing food for the huge numbers of workers. But its days are numbered. New Wuse has been constructed 70 kilometers away and the old Wuse displays a "last warning" sign that all structures are to be demolished shortly.

The new Abuja, however modern in conception, is going to need markets, the vital institution in Nigeria. It will be interesting to see if they appear where the planners have decreed, or if they emerge at unexpected corners.

—RICHARD SYNGE



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## NIGERIA



PRODUCTS OF THE COUNTRY: Locally designed dresses show textiles turned out in Nigeria; a vendor offers Nigerian-made dishes, and an artisan sells his carvings.

## Exporting' of Country's Doctors Proves to Be Costly — Health System Ends Up Paying the Bill

By Bryan Pearson

DESPITE cosmetic changes and costly new instrumentation, Nigeria's health service is having major problems, and public confidence and staff relations are deteriorating rapidly.

The main factor is the infrastructural weakness. New teaching hospitals are built at costs

things are affected by politics, and it is unfortunate that Nigerians are so "building conscious." Capital expenditures increase, relatively unaffected by cuts, while budgets — not quite so politically visible — suffer setback after setback.

Outside Splendor

The health service is undoubtedly more advanced than most others in Africa, but the splendor one views from without is not always reflected within.

Some of the reasons for these problems are clear. There are approximately 85 million people to care for. While Nigeria wants to be independent, its budget is not limitless. Independence means training Nigerian doctors, and that means teaching hospitals, which are fantastically expensive and, in humanitarian terms, quite wasteful.

There are 13 teaching hospitals — with four more planned — consuming more than 40 percent of national health spending. The result is that Nigeria graduates hundreds of doctors each year. But although their training has been at the expense of the rest of the health service, a large percentage of these highly qualified men and women move either into the private sector or leave for Western Europe and the United States to practice because they find it too frustrating to work within their own health structure. Nigeria has become a net exporter of doctors to the developed nations.

Thirteen teaching hospitals consume more than 40 percent of the national health budget.

Health facilities, like many other

At the other end of the spectrum, Nigeria is trying to develop a primary health care (PHC) program, geared to operating with paramedical health workers. This means that a further area of health

training has had to receive investment capital.

The health planners argue

strongly for proceeding on this path. To concentrate purely on PHC, they say, with clinical referrals to district and state hospitals,

would leave the country dependent for years on foreign doctors. Thus, the argument goes, the health service would be accused of quackery by many people — teaching hospitals therefore are vital.

The public is unhappy about the

failure of the nation's investment to make any great changes in the disease pattern. On the other hand, doctors believe that they are underpaid, overworked and frustrated by shortages of essential tools of their trade. They went on strike

for a month earlier this year. When compared with colleagues in other disciplines at the university, for example, they are probably right.

But the days when the title "doctor" was respected by many seem to be ending. Some observers be-

lieve that, to a degree, the fault lies with the doctors' attitude, but that it also lies with the planners who, seeking to satisfy both political and health needs, have made health care boom only in the private sector.

## NNPC IS PIONEERING THE DIVERSE TECHNOLOGIES NIGERIA NEEDS FOR THE YEARS AHEAD

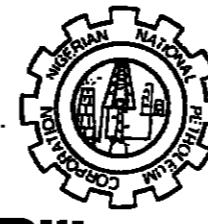
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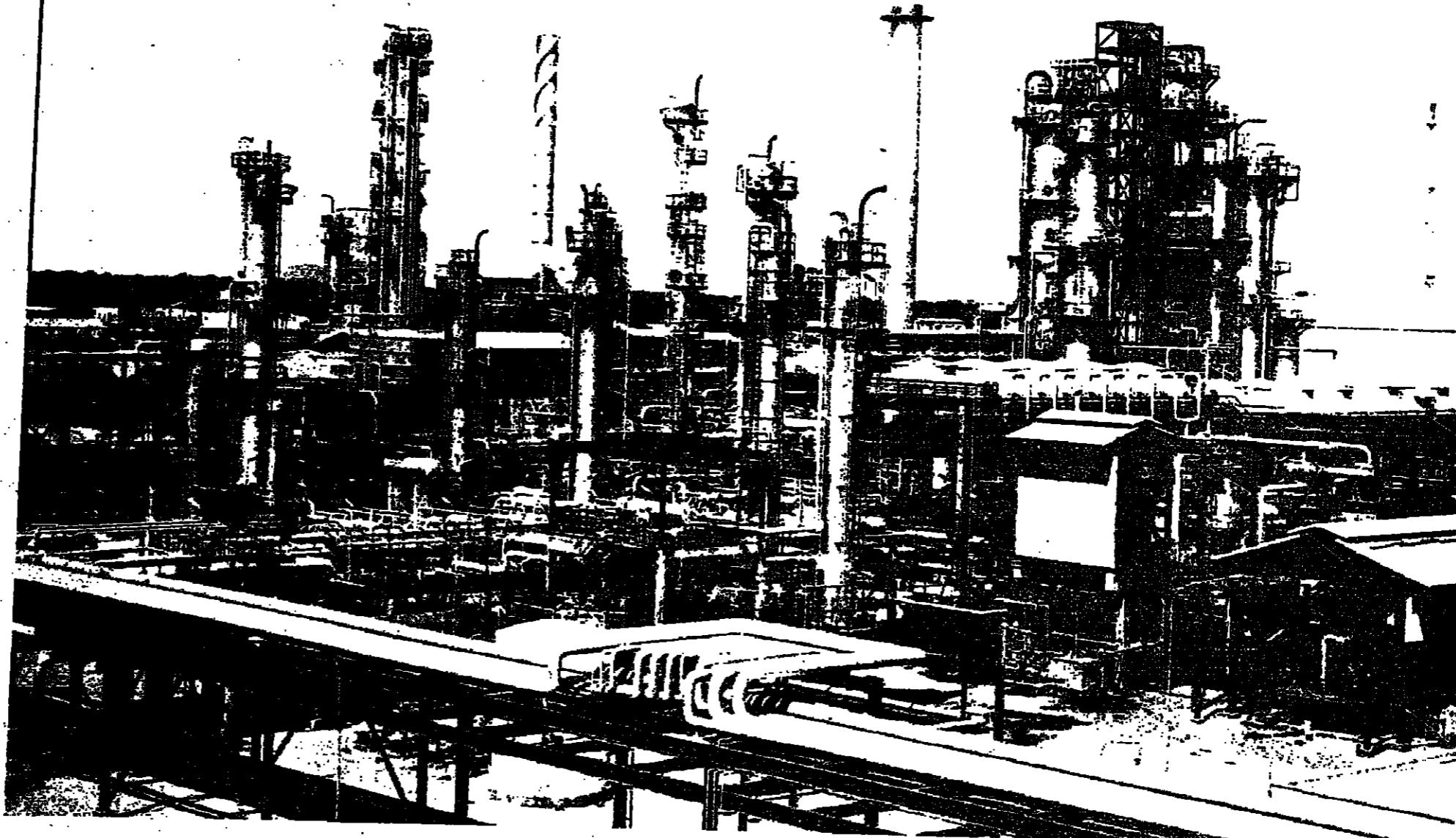
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## Labor Issues Intensified By Oil-Revenue Decline

Special to the IHT

THE POWER of the nation's labor federation, the Nigerian Labor Congress, is being tested by the general financial decline. The Labor Congress is anxious to prove its credibility to workers, but the government is expected to stand firmer on wage issues because of declining revenues.

The House of Representatives has passed a bill raising the minimum monthly wage to 125 naira from 100 naira. The bill will not come into force until President Alhaji Shehu Shagari has signed it, however, and it is now thought likely that the government might want to impose restraint.

The Labor Congress suspended a two-day general strike in May in return for government pledges of an increase in the minimum wage. This followed a lengthy meeting between NLC leaders and the government, which also agreed to a 57-percent rise in monthly minimum pension from 33 to 55 naira and in general fringe benefits. The communiqué issued after the meeting did not specify a new minimum wage but noted the NLC's rejection of an offer of 120 naira made earlier by a House committee.

Nigeria's financial condition has deteriorated since January because of the worldwide surplus of crude oil. According to one estimate, the 15-percent wage increase could ate the federal government's expenditure by as much as \$3 billion.

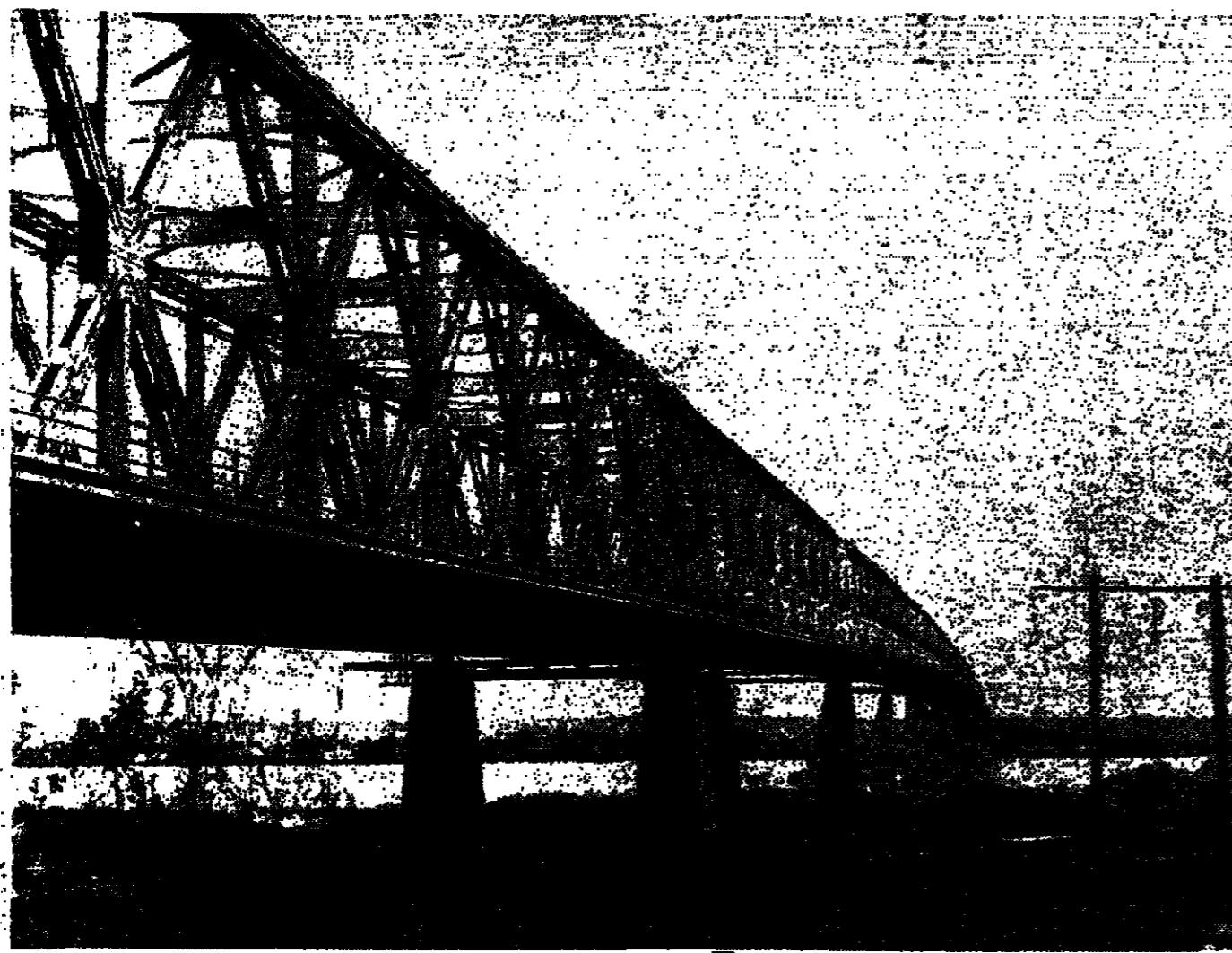
### Union Position

Meanwhile, having seen its original demand of a 300-naira minimum wage more than halved, the NLC does not want to accept further stalling by the government, even in the often-mentioned interest of industrial peace in the new civilian era. Nevertheless, it is doubtful that it will strike, despite some threatening noises. Aside from the May 11-12 general strike, no previous threatened strike did not come off.

The NLC's first real threat of a general strike came in May, 1979, shortly before the end of the military regime. Politicians immediately accused the federation of wanting a return to civilian rule, while the military said the ingress was motivated by external sources plotting to destabilize the country.

The NLC gave a second ultimatum in January, 1980, to President Shagari's 4-month-old administration. It demanded the repeal of the highly restrictive 1975 Trade Un-

## NIGERIA



The country's developing transportation infrastructure includes the Asaba Bridge.

## Industrial Output Lags, Steel May Be Key

INDUSTRIAL growth has never been quite up to expectation in Nigeria, and the present outlook is particularly bleak for manufacturing companies. Last year, the output did manage to rise by 10 percent, but this year industrialists are gloomy. Nevertheless, the nation has comprehensive industrial activity in textiles, building materials, agricultural processing, vehicles assembly, oil refining, timber furniture, paper, pharmaceuticals and consumer goods. Steel mills are planned around the country.

While trading companies are making big profits, the manufacturers are expecting losses and some companies in the textile industry have closed. The crisis is related to the boom in imports and to smuggled goods providing major competition to domestic products.

Industrialists have collectively called on the government to stamp out the smuggling and it has promised to do so, but few expect it to be totally successful. Not the state has a stake in many industries and is likely to want to protect them from unfair competition.

There are some steady success

stories in industry, particularly in the manufacturing of beer and soft drinks, leather goods, cement, paper and pulp, cosmetics and soaps. Automobile assembly has become intensive, although the assemblers face operating losses and the demand for vehicles is enormous, given their short life on Nigerian roads.

A popular formula for federal and state industrial projects has been the construction of well-serviced estates, and some "free zones" are in preparation.

There are few places not affected by organizational problems, with inadequate water and power supplies and heavy dependence on foreign workers.

With the burgeoning steel industry, which will facilitate general industrial progress, the requirement for foreign workers is unusually high during construction. But training programs allow for largely Nigerian management soon after production starts at the main blast furnace and rolling mill complex at Ajakoma.

The first phase of the Ajakoma project will cost 3.5 billion naira. Situated by the Niger River in Kwara state, Ajakoma has had to be built from scratch. Much of the steel town is in place, a river port has been completed and foundations have been laid for many of the buildings. Water and power supplies are being made available and telecommunications are being installed. The first phase also involves building and staffing a metallurgical training institute.

Like Abuja, Ajakoma has become an international venture, with a wide variety of foreign firms participating in its construction. The Soviet firm Tiajipromexport is responsible for operations and machinery, but the first stage of civil engineering is being handled by French and West German firms; a

Dutch group built the river port. An Indian firm of steel consultants has an important advisory and coordinating role, with experience from Soviet steel installations in India.

Providing housing for up to 7,000 Soviet engineers has been long delayed, and for a while the Russians were doubtful whether the Nigerians intended to proceed with the project as planned. But after a recent visit to the Soviet Union, Steel Development Minister Mamman Ali Makinde said that many such difficulties had been resolved and that the Russians would have no problem getting into Nigeria.

The Ajakoma Steel Co.'s general manager and chief executive, F.R.C. Ezenenari, said that the first two rolling mills, using imported steel billets, will be functioning in 1983. The full project may be approaching start-up in 1985 but there are still problems.

There have been delays in starting iron ore mining at Itakpe, near Ajakoma, because of delays in federal funding for the ore mining company. Another problem is posed by the non-availability of coking coal in Nigeria. A team of Soviet geologists and experts is to undertake studies in the hope of getting most of Ajakoma's raw material needs from the country.

A railway from the opposite bank of the Niger, to link up with the existing Makindu-Port Harcourt route, has been proposed, but it is still not confirmed that this will be the access route for Ajakoma. The planners still have to decide how to bring about 600,000 metric tons of equipment from Eastern Europe (mainly Czechoslovakia and East Germany) to the site once it lands on Nigerian shores.

RICHARD SYNGE

## Nigeria: Salaries &amp; Living Cost Survey ERI

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## Airline Services Have Shown Sharp Growth

DOMESTIC AIR travel has grown in leaps and bounds during the last three years. Growing affluence in the cities, the development of state capitals and the spread of professional and trading contacts around the country have provided the impetus for the expansion of Nigeria Airways' services.

Between 1978 and 1980, the airline's handling of passengers doubled from 3,500 a day to more than 7,000; by the first quarter of 1981, the airline was handling 9,000 a day at peak travel times. By the end of 1981, it expects to have carried 2.7 million passengers in the year. Most of these will have traveled within Nigeria.

There are now airports in nearly all the 19 states, and domestic air fares are low in comparison with those of other countries, although naturally much higher than local buses and trains.

It is largely people on business who do most of their traveling by air, but more families are also flying on weekend trips. With the delays and dangers on Nigeria's roads, where the accident rate is high, it is not surprising that more people are choosing to fly.

## Changing Market

The airports and airline authorities have had little time to adapt to the changing market. Nigeria Airways has to operate out of ramshackle offices by the old Ikeja airport. Despite its problems, it has just managed to keep pace with demand. The Nigerian Airports Authority has recently had large sums at its disposal and has commissioned a series of "international airports" around the country, but the pace of construction has been slower than hoped. Nevertheless, Port Harcourt now has a properly

functioning international airport, while Kaduna and Abuja will open theirs in a matter of months.

Nigeria Airways has an insatiable demand for new aircraft, and leases six of its total fleet of about 25 (several of which are out of service at any one time). It has at least eight new planes on order, including four Airbus A-310s, but delivery of most is not expected until 1983. The need for leasing has so far been filled exclusively by Air Tara, based in Shannon, Ireland, which is providing five Boeing-737s for domestic use and one DC-10 for international flights.

## KLM Team

During the last two years, the airline has been managed mainly by a top-level KLM team from the Netherlands, which is expected to leave at the end of the year. The

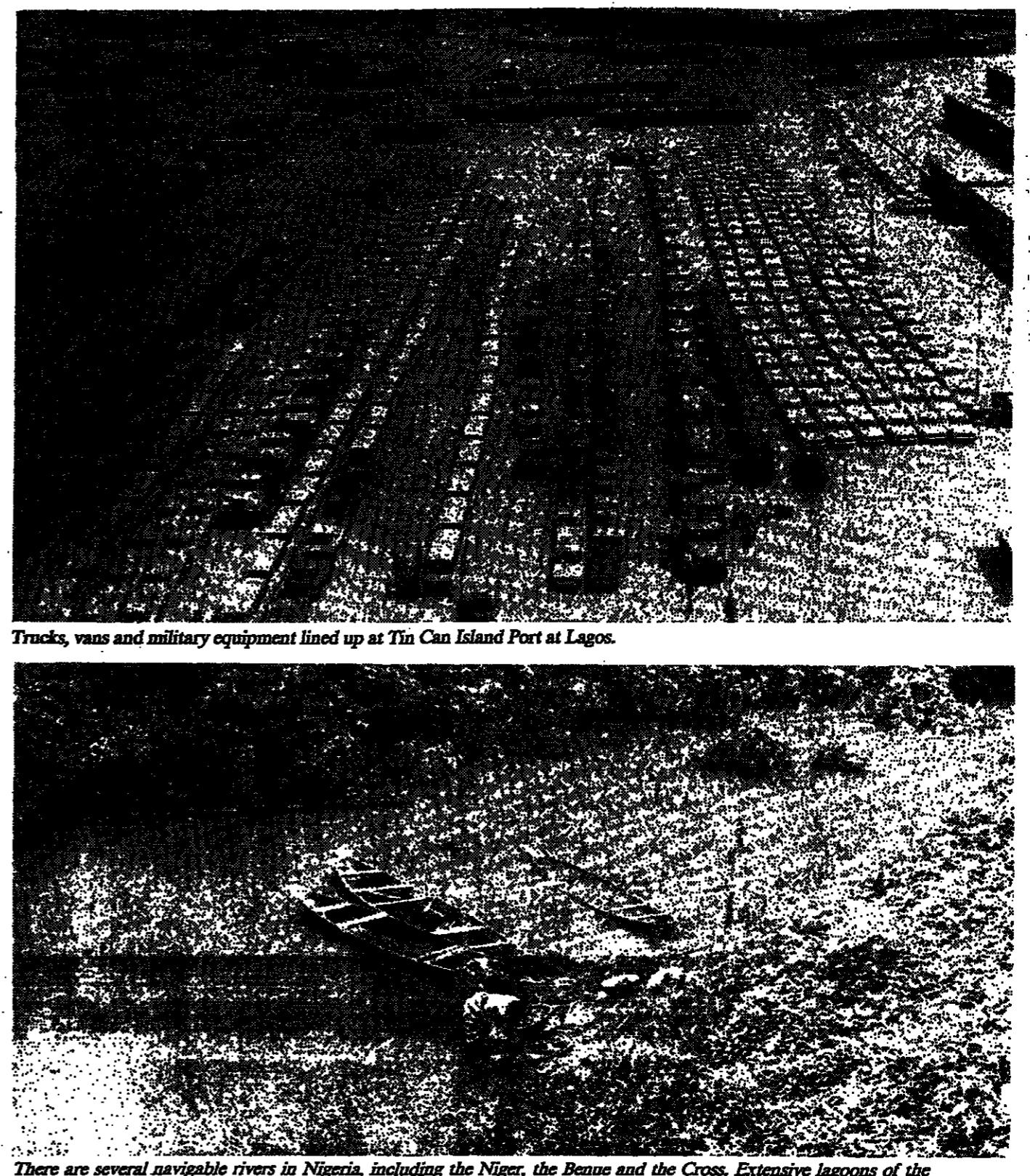
airline still seems to be considering whether to go it alone and is taking into account the continuing expansion and the need for aircraft maintenance. Much of this work will probably continue to be done by arrangement with Lufthansa and Aer Lingus.

Some senior government members feel that the airline management has not performed well during the last few years, and there are persistent rumors of the government favoring the development of private airlines in competition.

## Employees Protest

The local air transport employees association recently protested competition to Nigeria Airways being proposed by three charter airlines — Inter Continental Airlines, Central Airlines and Kabo Tours. It claimed that Kabo Tours

(Continued on Page 17S)



Trucks, vans and military equipment lined up at Tin Can Island Port at Lagos.

There are several navigable rivers in Nigeria, including the Niger, the Benue and the Cross. Extensive lagoons of the southern coastal area also play an important role in transportation and economic activity.

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## NIGERIA

## Substantial Expansion Is Noted in Area of Banking and Finance

*Special to the IHT*  
BANKING and finance in Nigeria have grown impressively in the last decade.

With a major injection of revenue expected during the next five years as the nation's fourth development plan (for 1981 to 1985) is carried out, the prospects for bankers are better than ever. But their conduct will be closely guarded. The authorities, and notably the central bank, want the banking system to respond to the needs of

There are 20 commercial banks in Nigeria, and several more have applications pending government approval. In 1970, there were 14 banks. Apart from the growth, there have been significant changes in banking. For example, the law states that no bank can be wholly foreign-owned, but those that were present about 20 years ago still dominate the banking system.

The number of branches has grown to more than 800 and under the rural banking program, this can be expected to increase rapidly in the next two years. But in a country with a population of about 85 million, 800 commercial bank branches remains a small number.

In the past, most banks awaited the arrival of an ample supply of customers rather than seeking them out in rural areas.

## Banking Problems

It is in the commercial banking sector that some of the immediate handicaps of banking in Nigeria are apparent: Service can be slow, checkbooks and credit cards are not generally trusted. Furthermore, although the commercial banks, by paying well, draw large proportions of Nigerians with experience in banking, the shortage of qualified manpower is felt throughout much of the sector.

There are six merchant banks operating in Nigeria, and as major projects are planned they expect their role in the economy to expand.

The government has taken measures to prevent what had begun to appear as the duplication of roles between the merchant and other banks. The merchant banks, for example, were often criticized for encroaching on areas that are normally those of the other banks.

One of the most spectacular advances in terms of numbers has involved insurance companies, which in the last decade have increased from 25 to 67.

**There are 20 commercial banks in Nigeria, compared with 14 in 1970, and several more have applications pending.**

**The number of branches has grown to more than 800.**

There are now four development banks, which, after a hesitant start, have been promised considerably higher funding under the fourth development plan.

The money market operates at a relatively modest level, leading most financiers involved with Nigeria to expect that this will be an area of great expansion in the next few years. The Lagos stock exchange is dominated by government bonds, and it appears sluggish compared with Western stock

exchanges. There were 7,138 transactions as of the end of 1980 valued at 389 million naira.

Banking is seen by the authorities as a key to the rapid development and transformation of the economy.

Through the central bank, commercial banking must respect guidelines — on interest rates and credit ceilings for example — intended to benefit sectors of the economy that otherwise would be neglected.

Commercial and merchant banks have to commit at least 70 percent of loans and advances to so-called preferred sectors at preferential interest rates. During the last 10 years — the guidelines were introduced in 1969 — commitments to the preferred sectors have more than doubled. Stiff penalties are imposed on those who exceed credit ceilings in the less-preferred sectors or who fall short in the preferred sectors. They have to deposit the equivalent of the excess or shortfall at no interest with the central bank, which redirects it to the Nigerian Agricultural and Cooperative Bank or to the Federal Mortgage Bank. Banks are also obliged to commit 70 percent of their credit to indigenous borrowers, 16 percent of which must

go to Nigerian-owned small-scale enterprises.

The rural banking program was set up for geographical diversification and to improve loans to rural areas.

Among other things, the program required banks to open 260 branches throughout the country by the end of 1983. Depending on the size of the bank, the central bank allocates the number of branches it must open.

Although bankers do not object to the principle, they have criticized the rural program, citing, for example, the cost of running a bank in some small towns where depositors might be of relatively low income and the exacerbation of the manpower shortage.

The central bank also runs the Agriculture Credit Guarantee Scheme, established in 1977, which essentially covers commercial banks for up to 75 percent of losses on loans and advances to the agricultural sector. As an incentive to the commercial banks it is considered successful, but the government hopes that some day credit to agriculture will not require such a government cushion.

The role of the central bank in commercial banking is clearly less clear than its position in relation to the other financial authorities, notably the Ministry of Finance.

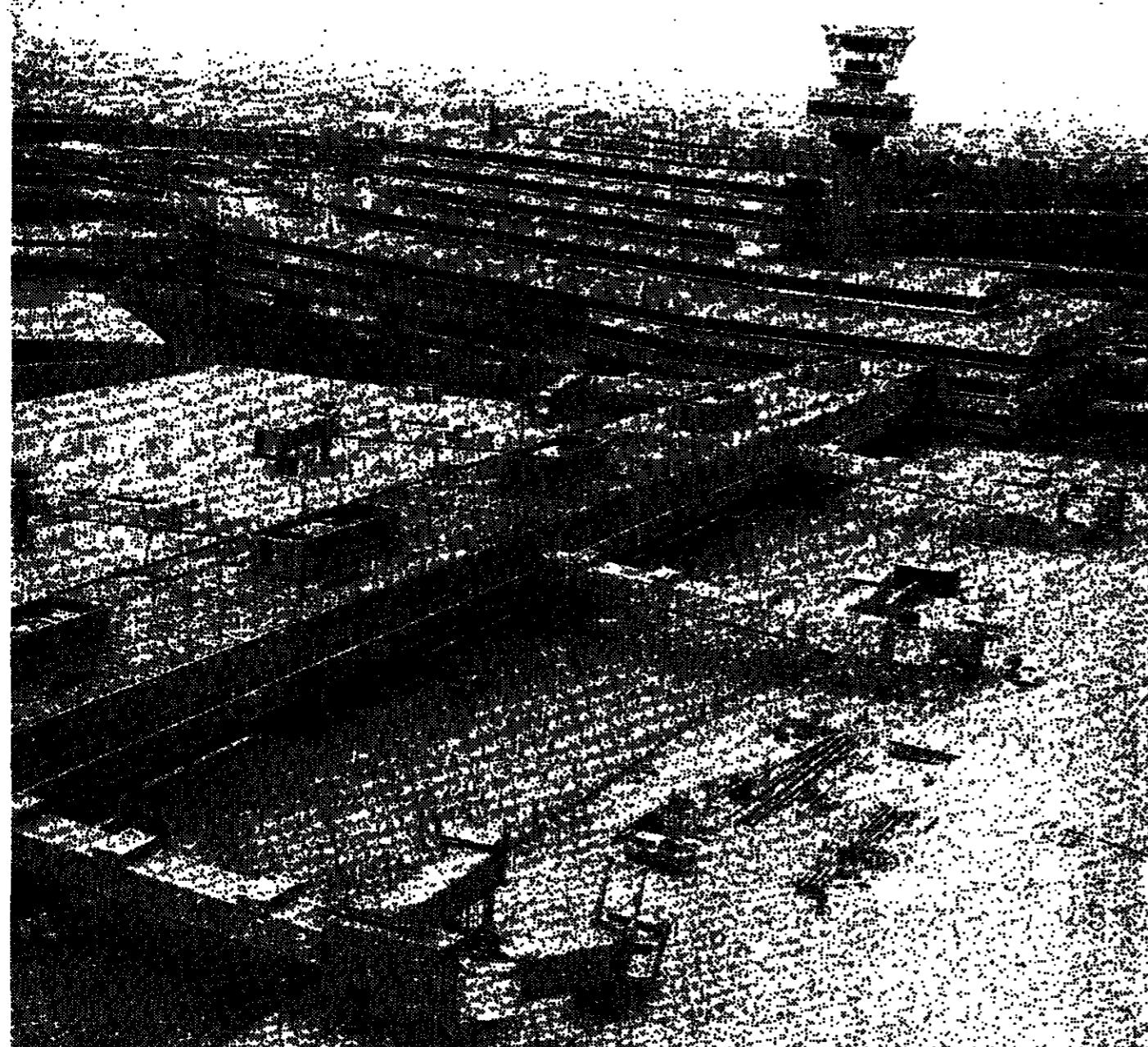
Its role there may be best described as consultative. A number of decrees by the former military governments gradually eroded the power of the central bank. Some

feel that the erosion has impeded its capacity to act on crucial issues, and the government is gradually obtaining closer cooperation among the leading financial authorities.

There will be further changes in the direction and structure of the financial system in the next decade because of changes in the economy and also because to a certain extent the authorities are forced to experiment in order to arrive at a financial system that fits the nation's needs.



FLYING buttresses adorn Holy Cross Cathedral in Lagos.



Several airports are being built around the country. Above is Murtala Muhammed Airport of Lagos, shortly before it opened.

## Airline Services Have Shown Sharp Growth

(Continued from Page 16S) in particular, was openly operating regularly scheduled flights.

Before these private operations came into being, private air travel was only permitted to the major companies who needed to have worker-transport services, particularly the oil industry, which has long been served by the privately owned Pan African Airlines and Bristow Helicopters.

One state government airline, Delta Airlines of Rivers State, re-

cently ran afoul of federal legislation and collapsed, with its planes now stripped of parts by thieves. This is unlikely to happen to the private operators, who are still hopeful that there will be room for business when Nigeria Airways has to face the next phase of its expansion. What will happen when more states demand international flights into their capitals is difficult to predict.

While Nigeria Airways has been able to keep the majority of flights

running on time, it has not been easy to overcome the problems of overbooking, communications breakdown, the irregular functioning of airport radar and delays caused by bad weather.

One of the biggest advances in air travel was the opening in 1979 of Murtala Muhammed Airport for Lagos. It significantly eased difficulties for visitors to Nigeria and made the domestic flights more manageable. Two years later, however, it is not working as well

— RICHARD SVNGE

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## NIGERIA



The National Theater of Lagos was built at a cost of \$40 million.



Functions of state government buildings such as this one will eventually be shifted to Abuja.

## Migration Into Cities Poses Many Problems

### COMMENTARY

THE DRIFT from rural to urban areas in Nigeria has reached the point of crisis. While detracting from agricultural production, the parasitic — rather than generative — nature of employment found in the cities has had a deleterious effect on the economy, and an increasingly troublesome effect on the balance within each community.

The rocketing crime rate and deteriorating health status in cities such as Lagos and Ibadan are symptoms of an epidemic that if caught early enough could have been treated, but which is now practically immune to any form of medication, administrative or legislative.

Most developing countries are experiencing similar socio-economic change, though not quite to the same degree. In broad terms, Nigeria has 25 percent of the black tropical African population. It also has 38 percent of the city dwellers. In short, it is a leader in urbanization, which with the impending freedom of movement in ECOWAS (Economic Community of West African States), may continue unabated.

**Milk and Honey**  
Nigeria's wealth makes it the proverbial land of milk and honey to the inhabitants of many neighboring states, whose economies do not provide the opportunities found in many of Nigeria's cities.

Agege, for example, on the outskirts of Lagos, is a Ghanaian stronghold, while the slum areas of Obalende on the otherwise exclusive Ikoyi Island have a strong Beninian presence.

But it is from the rural areas of Nigeria that the majority of the new urban dwellers have come and on whose shoulders the new, rather tense society is being built. Their links with hometown or village of origin remain strong — too strong, perhaps, for the economy to sustain the movement.

The new urban dwellers are mainly young adults, who regularly remit a percentage of their earnings to the family, thus depriving the urban areas of much-needed investment, while at the same time reducing the agricultural production in the rural areas.

Many village households depend on remittance for maintenance. The remittance system therefore has made it possible for large numbers of people living in the rural areas to benefit from the development and growth of urban economies, enjoying a higher standard of living, at the expense of agriculture.

**Lacks Productivity**  
Equally serious is the nature of much of the urban employment. Often there is little productive about it. Taking the form of "secondary trading," it is parasitic, and

fails to impart any new impetus to the economy. With only a fraction of the city populations creating the revenue from which services for so many others have to be provided, it is easy to appreciate why urban facilities are over-used, and why the standards and efficiency of urban services are low.

Urban management is difficult. Property rates, income taxes and other small taxes all provide revenue, but they are difficult to collect when an area mushroomed.

#### Dual Leadership

The origins of Lagos lie in farming. The early Yoruba settlement in the 17th century was in what is now Ebute-Metta (on the mainland), which then developed into Iddo Island for defensive reasons during inter-Yoruba hostilities, and Lagos Island became the farmland for the community. The indigenous name for Lagos, Eko, is thought by some to derive from "oko," then the Yoruba word for "farm." Little resemblance remains.

From those early settlements, cities like Lagos developed. Supervision came from the traditional rulers, whose jurisdictions spread over rural areas. Today, the traditional rulers have lost few of their powers, and thus there is a dual leadership.

The negative influence of this dual leadership, coupled with the rather discriminatory attitude of long-time residents toward the newly arrived immigrant, has a debilitating effect.

The inner urban areas in Britain erupted under the pressures of tension and deprivation this summer, and there have been similar outbreaks of violence in some of Nigeria's cities. People can accept a certain amount of living atop one another, but when conditions deteriorate, the pot can boil all too easily.

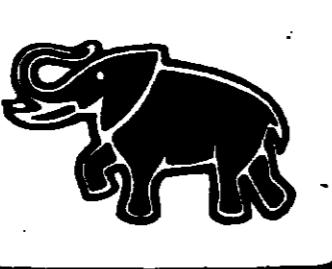
#### Increasing Danger

In some of Nigeria's larger urban areas, the lack of effective planning and the dearth of facilities and amenities represent an increasing danger.

A way must be found to curtail the influx to these areas. Several cities reached the saturation point many years ago. Yet with universal primary education and a high percentage of children graduating into secondary education, the outlook for reducing urban migration is not good.

The difficulties of creating employment opportunities fast enough to keep pace with the aspirations of an educated population may prove to be a real "Catch 22" in the development of the nation.

— BRYAN PEARSON



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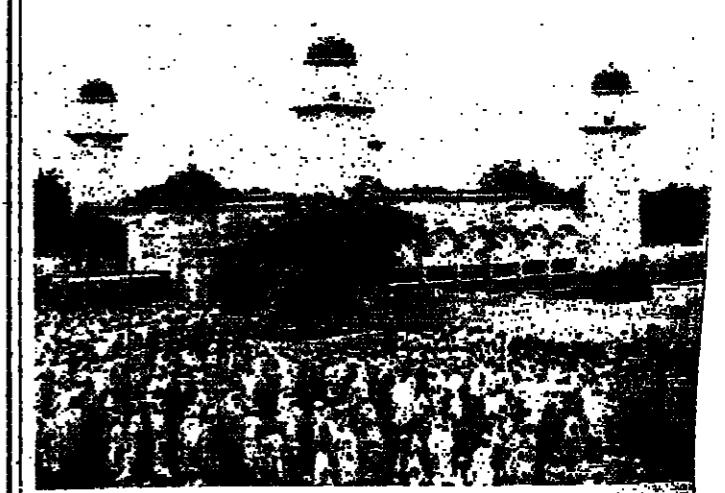
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MUSLIMS gather for prayer at mosque in Sokoto, in northern Nigeria.

## Dollar Declines as Reserve

**IMF Says Major Currencies Gained Over U.S. Unit**

**Reuters**  
WASHINGTON — The U.S. dollar, despite its surge in value on foreign exchange markets, continues to decline in importance as a foreign exchange reserve, the International Monetary Fund has found.

In its annual report, released over the weekend, and in a followup briefing on the report, the IMF said, "the share of the U.S. dollar in the value of foreign exchange reserves identified by currency continued its decline from a peak of 37 percent in 1976, to 59 percent by the end of 1980."

It said the dollar's share declined because holdings of dollars grew by the equivalent of 11 billion special drawing rights (the IMF's monetary unit) while holdings of other principal non-dollar currencies increased 19 billion SDRs.

"Holdings of Deutsche marks,

the Swiss franc and the Japanese yen increased as a proportion of total reserves," the IMF said.

"While the shares of the French franc and the Netherlands guilder rose marginally, the pound sterling reversed the trend toward a declining share evident through 1978 and increased its proportion."

Specifically, the yen's share rose to 3.2 percent in 1980 from 2.6 percent the year before, the Deutsche mark grew to 12.1 percent from 10.3 percent and the pound rose to 2.6 percent from 1.9 percent.

The fund said the Swiss franc's share rose to 3.5 percent in 1980 from 2.9 percent in 1979, the percentage of European currency units grew to 17.8 percent from 14.6 percent. French francs increased to 1.1 percent from 0.9 percent and Dutch guilders rose to 0.8 percent from 0.6 percent.

The IMF also said it expects the current account deficit of the in-

ustrial countries to narrow to \$27 billion in 1981 from \$44.1 billion in 1980.

Staff projections show the current account 1981 surplus of the oil exporting countries will also fall, to \$96 billion from a record \$112.2 billion in 1980.

The current account deficit for the non-oil developing countries, on the other hand, should rise to \$97 billion this year from \$82.1 billion in 1980, the IMF said.

The IMF said the smaller surplus of the oil producers and the smaller deficit for the industrial countries will reflect "rapid increases in imports of the oil exporters and further declines in the volume of their exports."

The fund said the increase in the deficit of non-oil developing countries should occur because their economies will not grow rapidly enough to cover the cost of their imports.

(Continued on Page 21, Col. 5)

## BUSINESS NEWS BRIEFS

**Bank of England Acts to Boost Rates**

**Reuters**  
LONDON — The Bank of England raised its short-term interest rates sharply Monday, signaling higher rates for the whole economy and giving a boost to the ailing pound on foreign exchange markets.

The tightening of monetary policy was signaled when the Bank of England lent £75 million to money market discount houses at an overnight rate of 13.5 percent. This was a rise of about 1.5 percentage points from last week.

**Olivetti Says Sales Up 23.8% in 1st Half**

**Reuters**  
IVREA, Italy — Olivetti said Monday that consolidated group sales rose 23.8 percent, to 1.19 trillion lire (\$985 million), in the first half of 1981 from the first half of 1980.

Parent company turnover rose 26.6 percent, to 659 billion lire, in the same period. The board said that profits for both the parent company and the group were "considerably" higher than in the first half of 1980.

**Ford Plans Major European Investment**

**AP-Down Jones**  
PARIS — Ford Motor will invest the equivalent of 5 billion French francs (\$867 million) in its European factories over the next five years, Rudolph Bonifica, president of Ford France, said Monday.

He said Ford was satisfied with its European sales performance. The company's market share is 12.3 percent, up 8 percent from a year ago.

**VW Will Not Close Triumph-Adler Plant**

**AP-Down Jones**  
BONN — Volkswagen has changed its plans to close a plant run by one of its ailing divisions, despite a reported loss in the carmaker's second quarter.

Triumph-Adler, an office machine maker owned by VW, said Monday that a plan to close its Frankfurt plant immediately with a loss of 2,800 jobs has been dropped. Instead, the company will maintain the plant, although cutting 1,600 jobs at the plant over the next 18 months and a further 700 jobs elsewhere in West Germany.

**Siemens Forms Industrial Robot Company**

**AP-Down Jones**  
MUNICH — Siemens, West Germany's largest electrical and electronic group in sales, has established a new subsidiary company for the development, production and sales of industrial robots.

The company will be called Mantez Gesellschaft fuer Automatisierung und Handlungssysteme, Siemens said. The robots offered by Mantez will perform industrial assembly functions and operate machine tools, according to the company.

**ITT in Talks on Sale of Subsidiary**

**Reuters**  
NEW YORK — International Telephone & Telegraph said Monday that talks are being held with a number of companies for the possible sale of ITT Rayonier, forest products subsidiary with 1980 sales of \$750 million.

## U.S. Steel Prices Face European Challenge

**New York Times Service**  
NEW YORK — A top Common Market official is expected to press the Commerce Department this week to let European producers sell steel in the United States below the official import, or trigger, price.

Many industry and government sources believe Viscount Etienne Davignon, industrial commissioner of the European Economic Community, will argue that the currency markets' trend has made it possible for Europeans to sell steel in the United States more cheaply.

The struggle over trigger prices has become increasingly heated in the past two months. The Europeans are flatly challenging the trigger price mechanism, the Americans are scrambling to compete with the Europeans in a declining steel market and the Japanese are threatening retaliation if the Europeans get special consideration.

U.S. steel executives are not willing to say that the trigger price should be lowered, but there is some feeling among industry and

government sources that Mr. Davignon's proposals will be given serious consideration.

"Everyone is saying that something has to be done," said John Corey, manager of international analysis at Arco, a major U.S. steel company. "The government is making a very credible effort to enforce trigger pricing. But, given what has happened in the market, a best effort isn't enough."

The trigger price was intended to prevent foreign producers from selling steel in the United States for less than its production cost. The trigger price is based on the production costs of Japanese steelmakers, generally accepted as the most efficient.

The European producers contend, according to a Belgian exporter, that the strong dollar has lowered the price of steel in their home markets and has made it possible to sell steel in the United States at less than the trigger price.

One of the options being considered by the Commerce Department, according to a government source, is to give European steel producers a price concession on their transportation costs to the Great Lakes region.

Shipping expenses are calculated on the basis of what it costs the Japanese, but shipping distances for the Europeans are shorter.

Other proposals are to allow some European producers to sell at 5 percent under the trigger price or simply to lower the trigger price for steel shipped into the Great Lakes region.

U.S. producers, according to an industry source, contend that the Europeans are already selling steel at \$100 under the trigger price.

Most of the European steel pro-

ducers export sheet steel to the Great Lakes region for use by the auto industry.

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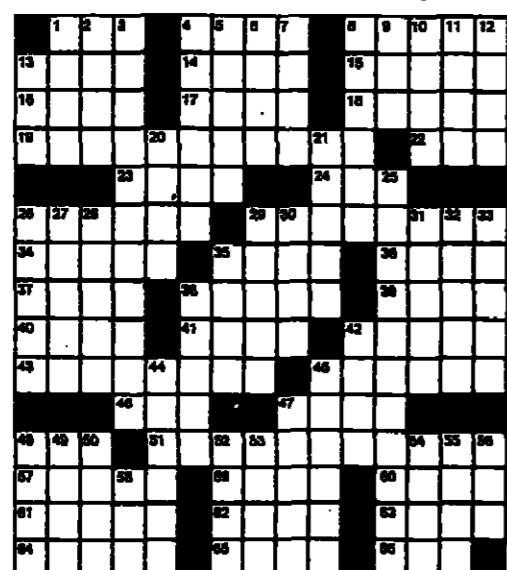
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## CROSSWORD

By Eugene T. Maleska



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100 75	100 56	100 56	100 57

Readings from the previous 24 hours.

## ADVERTISEMENT

## INTERNATIONAL FUNDS

September 14, 1981

The set and value conditions shown below are supplied by the Funds listed with the exception of the funds which are supplied by the International Fund (I.F.), the Fund of Funds, the Fund of Funds Fund and the Fund of Funds Fund Fund.

ALLIANCE INT'L/CSK of Germany, 17.02% □

BANK JULIUS BAER & Co Ltd, 17.02% □

— (1) Carter, 17.02% □

— (1) Dreyfus, 17.02% □

— (1) IFC Fund N.Y., 17.02% □

BANK VON ERNST & Co AG, 17.02% □

— (1) CEF Fund, 17.02% □

— (1) IFC Fund N.Y., 17.02% □

BANK OF AMERICA, 17.02% □

— (1) Dreyfus Fund, 17.02% □

— (1) G.T. Johnson Small Cap Fund, 17.02% □

— (1) T. T. Turner Fund, 17.02% □

CAPITAL INTERNATIONAL, 17.02% □

— (1) Carter, 17.02% □

CREDIT SUISSE, 17.02% □

— (1) Carter, 17.02% □

— (1) C.E. Fund, 17.02% □

— (1) Carter, 17.02% □

## McEnroe Beats Borg for U.S. Crown

By John Feinstein  
*Washington Post Service*

**NEW YORK** — John McEnroe won his third straight U.S. Open title Sunday, defeating Bjorn Borg, 4-6, 6-2, 6-4, 6-3, in the final. It was the fourth time in six years that Borg had lost the final of this tournament. He has failed to win the U.S. Open in 10 attempts.

It was also the third straight major final that McEnroe has won from Borg. He won here last year and at Wimbledon this summer.

McEnroe took control of the match midway through the third set, rallying from 4-2 down to win the set, breaking Borg's serve twice.

After the two players traded breaks in the fourth set, McEnroe broke for a 4-2 lead after Borg made two unforced errors at 30-all. Borg saved two match points serving at 2-5 and won that game, but McEnroe served out the match at 15, ending the tournament when Borg punched a hard first serve long.

### Explosive Start

The victory was worth \$66,000 to McEnroe; Borg collected \$33,000.

McEnroe started the match explosively, winning his first three service games with the loss of just one point, getting his first serve in consistently. Borg was struggling, twice going to deuce in his first three serving games but nevertheless coming through each time. The players reached 3-3 on serve.

Abruptly the tone of the match changed as McEnroe served badly

and got no help from any other facet of his game. Borg broke him at love, thanks to a forehand that McEnroe pushed deep, two botched volleys and a clean forehand winner by Borg for the game.

Borg then held easily at 15 and immediately had McEnroe at triple set point in the next game after McEnroe double-faulted and butchered an overhead. But Borg pushed two second serves deep, and McEnroe finally came up with a first serve to reach deuce and get out of the game when Borg hit a backhand wide.

The reprieve was only temporary as Borg served out the set with a strong game, ending with a running forehand winner and a hard first serve down the middle that McEnroe hit deep.

### Escape Artist

It was the first time in four Open finals that Borg had won the first set. But McEnroe is not a player who finishes after a poor start. In the second game of the second set, he finally broke Borg with two gorgeous shots at 30-all.

Then McEnroe went into the escape-artist act that enabled him to survive his five-set semifinal against Vitas Gerulaitis. In the next game, Borg quickly got to 15-40 when McEnroe pushed an easy volley long. The next point was a long one, rare in that neither player came in. Finally Borg slipped a backhand long, McEnroe came up with a good first serve and got out of the trap to lead, 3-0.

He built himself a cushion by breaking Borg for a 5-1 lead, hitting the exact same shot on break point that he had hit for his first break, the inside-out forehand for a clean winner off a second serve.

That break proved crucial when McEnroe got sloppy in the next game, double-faulting to 30-40 and losing the game when Borg ran down a McEnroe volley and kept the ball in play until McEnroe hit a backhand deep.

The match improved in the pivotal third set. First the momentum tilted toward Borg as he seemed to get a grip on things. He came out of a 15-40 hammerlock in the fourth game, ripping a backhand volley, then watching as McEnroe clipped a forehand wide after a baseline rally. Frustrated, McEnroe yelled "Oh, no" in disgust at the opportunity lost.

Borg served out the game, then continued the pressure in the next game. A deep return that set up an easy overhead got him to 30-30 and he followed with a backhand winner, this one down the line as McEnroe lunged helplessly at it. McEnroe took a deep breath, came up with a serve down the middle and promptly botched Borg's weak return, netting a forehand volley.

It was 3-2 for Borg and the crowd was cheering him on. When he held for 4-2 with ease, McEnroe appeared to be in trouble. But McEnroe played the next few games brilliantly.

### Topspin Lobs

He held at 30 for 4-3 and then played as good a game as any seen here in the last two weeks to get the break back. He hit a hard backhand crosscourt past a starved Borg for 15-15. Borg got one back on a deep McEnroe forehand. It was a brief respite. McEnroe hit a perfect topspin lob six inches in, hit a perfect backhand passing shot, and came up with another incredible topspin lob, this one on the run after Borg had lost a first serve to net.

McEnroe held serve with three first serves and an ace for a 5-4 lead. Quickly he had Borg down, 15-30, with a forehand volley and another running forehand winner down the line. When Borg punched a forehand approach long, it was double set point.

Borg climbed out of that with a stretching baseline and service winner. But McEnroe placed a backhand in the corner where Borg could only hit it wide and followed with his inside-out forehand again to set up a sister forehand volley for the set, 6-4.

McEnroe was flying now, his behavior impeccable, his game better. In the fourth game of the

### Tigers 8, Indians 6

In Detroit, Rick Peters singled home the tie-breaking run in the sixth inning and Kirk Gibson followed with a two-run, pop-fly double to key a four-run burst with which the Tigers beat Cleveland, 8-6, for a three-game series sweep. Milt Wilcox won his 10th game.

Tigers 7, White Sox 6

In Bloomington, Minn., pinch-hitter Kent Hrbek climaxed a four-run rally in the ninth with a two-run single that gave Minnesota its sixth victory in a row and a 7-6 triumph over Chicago.

Royals 6, A's 5

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Twins 8, Rangers 7

In Anaheim, Calif., Juan Benítez lifted a sacrifice fly to score Dan Ford in the 12th as California ended an eight-game losing streak with an 8-7 defeat of Texas.

Angels 8, Rangers 7

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Red Sox Fall To Guidry's Hot Yankees

From Agency Dispatches  
**NEW YORK** — Ron Guidry won his seventh game in a row as the Yankees trounced the Red Sox Sunday, 10-6.

Willie Randolph's three runs batted in, plus runs home by Dave Winfield and Bob Watson, led the Yankee left-hander retire with a comfortable lead after five innings.

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In Detroit, Rick Peters singled home the tie-breaking run in the sixth inning and Kirk Gibson followed with a two-run, pop-fly double to key a four-run burst with which the Tigers beat Cleveland, 8-6, for a three-game series sweep. Milt Wilcox won his 10th game.

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